



President Reagan and Queen Elizabeth went riding in Windsor Great Park, the grounds of Windsor Castle, on Tuesday.

6 Syrian Jets Downed; Damascus Is Cautioned

The Associated Press
TEL AVIV — Israel shot down six Syrian combat planes Tuesday and Prime Minister Menachem Begin appealed to Damascus to stay out of the war, as Israeli armored forces moved down the Beirut-Damascus highway and came under fire from Syrian troops, reports from Beirut said.

Earlier in the day, the Israelis reported their warplanes had shot down six Syrian MIGs in three air battles over Lebanon and Israel — the most intense air warfare between Syria and Israel in three years. Israel reported Monday night that it had shot down a MIG over Beirut.

On the coastal road to Beirut, the Israeli invasion forces pounded Palestinian defenders with furious air and sea bombardments. Guerrilla strongholds as close as 10 miles to the Lebanese capital were reported under fire, besieged or overrun. The large port of Sidon, 25 miles (40 kilometers) south of the capital, was reported ablaze.

Syria rolled convoys of tanks and heavy guns into Lebanon Tuesday night after Israel's invading forces airlifted armor to the

mountains overlooking Palestinian-controlled sections of Beirut. As long lines of Syrian armor, artillery and long-range rocket launchers moved west across Lebanon's eastern Bekaa Valley, the potential escalated for a head-on collision between forces of the two countries.

Appeal to Assad
"We don't want war with Syria," Prime Minister Menachem Begin declared before the Knesset (parliament) in Jerusalem, in an appeal to Syrian President Hafez al-Assad. "I appeal to President Assad to instruct his soldiers not to strike at Israeli soldiers."

But the Israelis' lightning drive into Lebanon, moving more than 40 miles north in three days, brought them ever closer to a confrontation with the estimated 30,000 Syrian troops who are stationed in Lebanon to police the Arab League truce that ended the 1975-76 Lebanese civil war.

When they launched the invasion last weekend, Israel said its goal was to drive Palestine Liberation Organization guerrillas 25 miles back from the Israeli border

to protect northern Israeli towns from Palestinian shelling.

The battle on the Beirut-Damascus road was reported by the Syrian military command.

Earlier, the Associated Press reported from the scene that Israeli helicopters had ferried about 100 tanks and other armored vehicles to the hilltops above the town of Deir el-Qamar, just 12 miles southeast of Beirut.

The Syrian command later issued a communiqué saying Syrian artillery and helicopter gunships opened fire on the fast-advancing Israeli column at the mountain town of Ain Dara, little more than a mile south of the strategic highway connecting the Lebanese and Syrian capitals.

The communiqué, read over Lebanese state radio, said the Syrians hit 11 Israeli tanks.

Although there was no firm word on total numbers of dead and wounded, the Lebanese ambassador to the United Nations, Ghassan Tuani, said in New York the casualties had run into the thousands, and "the vast majority are civilians."

The Israelis said that as of mid-

Parliament Gives Reagan Big Welcome

In London, He Asserts Backing on Falklands

Reuters
LONDON — President Reagan, defending Britain's military campaign in the Falklands, Tuesday told young men were not being sacrificed "for lumps of rock and earth" thousands of miles from home but to resist Argentine aggression.

His speech to about 500 members of the British Parliament was applauded loudly and viewed as allaying suggestions that his support for Britain in the Falklands crisis was weakening.

Mr. Reagan, the first U.S. president to address the House of Commons and the House of Lords jointly, also called for a peaceful crusade to strengthen democratic institutions against Communism.

He said he was prepared to invite the Soviet leader, Leonid I. Brezhnev, to speak to the American people on U.S. television as long as he was allowed to speak on Soviet television.

The president's audience included Prime Minister Margaret Thatcher and Michael Foot, leader of the opposition Labor Party, who has attacked the U.S. military buildup to counter Soviet power.

Most Labor members boycotted the address, however. Dame Judith Hart, the left-wing party chairman, was across the street in Parliament Square at a protest organized by peace campaigners.

Audience Delighted
Despite some opposition to his visit to Britain and a controversy when White House officials said he would deliver his address in historic Westminster Hall, Mr. Reagan was warmly welcomed Tuesday.

His audience was delighted by his words on the Falklands crisis, with its implicit rejection of British press criticism that he was double-crossing Britain.

He said that voices had been raised that Britain's young fighting men were being sacrificed "for (Continued on Page 2, Col. 7)

Thatcher Says British Forces 'Will Have to Take' Falklands

From Agency Dispatches

LONDON — Prime Minister Margaret Thatcher declared Tuesday that British troops "will now have to take by force" Argentine strongholds on the Falkland Islands because Buenos Aires has not responded to appeals for surrender.

With clearing skies over the Falklands improving conditions for a decisive British assault on the capital of Stanley, Argentina's president, Gen. Leopoldo Galtieri, reportedly rejected a United Nations call for withdrawal of his troops leading to a cease-fire.

Mrs. Thatcher said in the House of Commons there has been "no response whatsoever" from Buenos Aires to British surrender pleas.

"If the will and the consent were there, they only have to contact the [British] commander in the field and the withdrawal would be arranged before battle," she said.

"There is no obstacle in the way of Argentine withdrawal except the Argentine."

Her remarks heightened speculation that the British commander, Marine Maj. Gen. Jeremy Moore, will soon unleash his troops in an all-out assault on the Argentine stronghold, which was battered by British artillery Tuesday for the seventh straight day.

The Buenos Aires newspaper Clarin reported Tuesday that Gen. Galtieri had rejected a cease-fire proposal by UN Secretary-General Javier Pérez de Cuellar.

The report said Mr. Pérez de Cuellar's latest set of ideas provided for Buenos Aires to withdraw its troops from the islands within 14 days, and that London would then make a decision on pulling back its fleet.

Argentina did not consider that the plan provided sufficient guarantees on a British pullback, the newspaper said.

Censored news dispatches from the British task force have said for days that a major assault on Stanley awaited only a break in the weather.

British and foreign military sources say Argentine commanders made two major errors. Page 2.

blanket of fog, freezing rain and mist that has covered the islands for a week.

The Defense Ministry announced Tuesday that Britain now has more than 9,000 troops on the Falklands. Facing the British forces at Stanley are an estimated 7,000 Argentines, arranged in a horseshoe-shaped defense perimeter with their backs to the sea.

Royal Navy Cmdr. Mike Bracelin said the British also have landed support units, 20,000 tons of ammunition and other supplies at their beachhead at San Carlos Bay, 50 miles (80 kilometers) west of Stanley on East Falkland Island.

Oil Tanker Reports Attack
In New York, meanwhile, the U.S. Coast Guard said that a 1,067-foot oil supertanker reported Tuesday that it was bombed and damaged by an unidentified airplane 480 miles northeast of the Falklands.

The Liberian-flag Hercules, described the attacker as a propeller-driven four-engine airplane, said Lt. Cmdr. Craig Jud, the Coast Guard public affairs officer. He said there was no immediate word

of casualties or how many were aboard, the tanker, which reportedly was carrying no oil.

The Defense Ministry said Tuesday night that no British combat planes had attacked the Hercules.

In London, U.S. Secretary of State Alexander M. Haig Jr. renewed full American support for Britain in the Falklands conflict Tuesday, but refused to be pinned down on U.S. participation in a multinational peacekeeping force after the fighting is over.

Asked whether the United States would take part in such a force, which Mrs. Thatcher has said she wants, he replied, "That would depend very much on the conditions of such a peacekeeping force, its mandate, its tenure, and the political framework under which it would be set up."

Support by Haig
Mr. Haig, speaking at a news conference, also stuck to the U.S. refusal to take sides on the issue of whether Britain or Argentina has sovereignty over the South Atlantic islands.

"We fully support actions of Great Britain to reject the first use of force," he said, referring to Argentina's April 2 seizure of the island chain, a British colony since 1833.

Asked whether the United States acknowledged British sovereignty, Mr. Haig said Washington "has not taken the substantive judgment on the overall status of long-term sovereignty."

But he added that the United States supports Britain's "right to protect their view of sovereign territory, recognizing it is, and has been for an extended period, under dispute."

Haig Renews U.S. Call to End Fighting

Iran Offers Assistance; PLO Asks Arabs to Act

From Agency Dispatches

LONDON — U.S. Secretary of State Alexander M. Haig Jr. said Tuesday that President Reagan feels strongly that the fighting in southern Lebanon must stop.

Iran said it is ready to go to war with Israel and send volunteers to Lebanon. Other Arab states roundly denounced the Israeli invasion, but Palestinians and their sympathizers in Lebanon were furious that their fellow Arabs had not followed words with deeds.

Yasser Arafat, leader of the Palestine Liberation Organization, asked the Soviet Union and the Arab states to help stop the "Israeli aggression." The PLO news agency gave no details of what kind of help Mr. Arafat sought.

Mr. Arafat accused the United Nations peacekeeping force in Lebanon of facilitating the Israeli invasion and collaborating with the Israeli troops. Mr. Arafat also accused the United States of sanctioning the Israeli invasion, the PLO news agency reported.

Chinese Statement
A statement by the Chinese Foreign Ministry strongly condemned Israel Tuesday for "brutal aggression."

In Moscow, a spokesman for the PLO said the Soviet Union will continue sending military supplies to the Palestinians but will not send troops because none has been sought.

Egypt and Morocco denounced the invasion Tuesday in the first joint move by Egypt and one of



A Druze sheikh turned his back as Israeli tanks entered the town of Beit Ednine.

the Arab countries that had severed relations with Israel because of its separate peace with Israel.

President Fidel Castro of Cuba told the chiefs of state attending the meeting of nonaligned countries in Havana that "the criminal aggression of Israel against Lebanon" must be halted.

The U.S. State Department spokesman, Alan Romberg, said Monday in Washington that ships, including the aircraft carrier John F. Kennedy, are being dispatched into the eastern Mediterranean to help, if needed, with the evacuation of Americans from Lebanon.

In London, Mr. Haig said the United States has not cut off any military supplies to Israel pending a decision on whether the Begin government violated U.S. law.

He described present U.S. diplomatic activity, led by Philip C. Habib, the Middle East envoy, who is now in Israel, as intense. Mr. Haig said the administration is still trying to decide whether Israel acted in justifiable self-defense and he refused to say what means of persuasion President Reagan would consider.

'Grave Concerns'
"Told that Mr. Arafat is seeking assistance from the Soviet Union and other countries, Mr. Haig said, 'We would view such a step with grave concern.'"

Habib Chatfi, secretary-general of the 43-member Islamic Conference Organization, called on the United Nations Security Council and the West to impose sanctions on Israel.

King Khaled of Saudi Arabia accused Israel of waging a war of genocide.

In Kuwait, Premier Sheikh Saad al-Abdullah al-Sabah called for an urgent meeting of Arab foreign ministers.

The appeals coincided with strong editorial criticism of Arab governments in their own media.

El-Bayan of the United Arab Emirates said two days have passed since the invasion without anything tangible emerging from the Arab side.

In Qatar, a newspaper said: "While the storm of the aggression is expanding, nobody in the Arab world, or internationally, is making a tangible move to stop the aggression, except for statements denouncing the aggression."

West Germany: A Split Between Pro-Americans and Anti-Reaganites

By John Vinocur
New York Times Service

BONN — A little song has been cropping up on West German television the past few weeks. It is sung by Prof. Joseph Beuys, a 61-year-old former Stuka dive-bomber pilot and a sculptor of international reputation. The first four lines go like this:

*From the country that's destroying itself
And dictates its "way of life" to us
Comes Reagan, bringing weapons
and death.
If he hears peace, he sees red.*

Mr. Beuys, who has a diligently maintained reputation for political agitation and eccentricity, sang the song live on a prime-time variety show and twice more in filmed TV appearances, he said. It is called "Sun Instead of Reagan," and in German it comes out in rhyming couplets a bit like a commercial.

The title is an attempted play on words because the German term for rain is pronounced the same way as the name of the American president.

When an airplane trailing the slogan — it was hired by leaders of the groups that call themselves the peace movement here — flew over a pro-American rally in Bonn on Saturday, there were jeers and whistles.

Divided Attitudes
The song and the scene on the grounds of Bonn University pretty much illustrate the division in West Germans' attitudes toward Mr. Reagan, who arrives here for three days on Wednesday and will be confronted with massive demonstrations.



Helmut Schmidt

On one side, there are people who consider the United States a still irreplaceable element for West Germany, protecting its territory and defending the democratic ideals most West Germans say are their own. These are the kinds of people who took out full-page advertisements in 37 daily newspapers this week entitled "Friendship With the American People."

Yet the ad made no reference to Mr. Reagan, and its language was couched in cautiousness — expressions of friendship with a people is the standard vocabulary of diplomatic communiqués, whether they

are signed by Swedes and Libyans, or French and Russians.

On the other hand, the groups that oppose Mr. Reagan are active and extremely emotional. Personal distaste for him is often expressed in terms of revulsion. The specter of negative opinion concerning the president in West Germany is wide, but large portions of it portray him as the leading force of confrontation in the world, a despicable man, vastly more dangerous than the Soviet leadership.

This type of attitude is not divorced from the West German

Schmidt Said to Put Stress on NATO Talks

New York Times Service

BONN — Chancellor Helmut Schmidt, according to key aides, regards the NATO summit meeting as more important than the economic discussions in Versailles — and not just because the alliance talks happen to be taking place in Bonn.

He is said to feel that because of circumstances outside their control, the economic meeting of the leaders of seven industrial democracies and the European Economic Community could produce relatively little in concrete terms. The gathering of leaders of the North Atlantic Treaty Organization, on the other hand, may serve as a historic marker not only for Mr. Schmidt, nearing a decade as chancellor, but also for President Reagan's tenure as head of the Western alliance.

The meeting will offer important signs of NATO unity and perhaps even of additional strength. Although some West German Social Democrats, including party chairman Willy Brandt, lobbied against Spanish admission as a "destabilizing" element in East-

West relations, Spain will be in Bonn, marking its entry into the alliance as its 16th member.

France, in the person of President Francois Mitterrand, will be at the opening dinner and also sign a general declaration — acts symbolizing greater French involvement in the alliance than at any time since De Gaulle withdrew from NATO's joint military command. Deeply concerned about an imbalance of forces in Europe that they feel increasingly favors the Soviet Union, the French have even offered Paris as the site of the alliance's meeting in the spring of 1983.

For other Europeans, primarily West Germans but also many people in the Netherlands, Denmark and Greece, the Bonn meeting will mark what a German magazine called "the bringing to reason of Ronald Reagan."

Regardless of what final communiqué says about the alliance's position toward the Soviet Union or how détente may be qualified as an alliance goal (the Reagan administration apparently will accept the "détente" if it is

modified by the adjective "real" or "genuine"), Mr. Reagan's recent arms control proposals and his toned down rhetoric toward Moscow are being interpreted here as a return by the United States to the attitudes of the middle 1970s.

The West German weekly Die Zeit has already announced that the Americans have just about given up on "linkage," which in the German context means that West European relations with the Soviet Union can go forward again regardless of what the Russians do elsewhere in the world. After the Bonn meeting, and taking into consideration the new range of U.S.-Soviet consultations, "NATO is now placed back where it was six years ago before the erratic changes in course of American policy under Jimmy Carter and Ronald Reagan," Die Zeit said.

Egon Bahr, the détente architect and disarmament spokesman of the German Social Democratic Party who likes to refer to the United States as a "former occupation power," was quoted last week as saying that "Reagan now has the wind at his back."

At the same time, always without mentioning Mr. Reagan's name, Mr. Schmidt has scorned "neoconservative" economics, blamed high U.S. interest rates for German problems that other experts think have roots elsewhere, and repeatedly said the American social system is no model for West Germany.

New Element in Equation
For many West Germans, who take public praise cynically, the chancellor's remarks, on balance, may not have helped the president. Recently, a new element has

left lacked an easily identifiable foe.

Another suggests that the opposition does not have so much to do with Mr. Reagan, but rather represents resistance to overall policy. Chancellor Helmut Schmidt has played an important role in forming opinion concerning Mr. Reagan.

Mr. Schmidt has said repeatedly that he always believed in Mr. Reagan's willingness to negotiate with the Soviet Union, and has stressed what he describes as the president's basic good instincts and uncomplicated intelligence.

can policy that went back to the Kennedy direct, clear talk he said, that made the Europeans nervous, but that the Russians understood.

In fact, Mr. Luchsing wrote, these ideas were just classic American policy that went back to the Kennedy direct, clear talk he said, that made the Europeans nervous, but that the Russians understood.

INSIDE

■ The U.S. ambassador to El Salvador denied published reports that the Central American country's land-reform program has been suspended and said some acts of congressional committees go "too far" in trying to dictate how reforms should be carried out. Page 2.

■ A Tokyo district court handed down suspended prison sentences to two veteran Japanese politicians for their roles in the six-year-old Lockheed bribery scandal amid renewed speculation about the fates of key Liberal Democratic Party powerbrokers. Page 5.

■ Kenneth Rexroth, 76, a poet, critic, painter and precursor of the "Beat Generation" died in California. He won awards for his work as a poet, artist and critic. Page 5.

■ In Luxembourg, EEC industry ministers agreed to a one-year extension of mandatory production cuts on steel-makers. West German Industry Minister Otto Lambsdorff said. Page 11.

■ A supplement describes West Berlin. Pages 7S-10S.

U.S. Envoy Counters Reports of Suspension Of Salvadoran Reforms

By William Chapman

WASHINGTON — The U.S. ambassador to El Salvador, Deane R. Hinton, has denied published reports that the Salvadoran land reform program has been suspended. He said that some acts of congressional committees go "too far" in trying to dictate how reforms should be carried out.

In an unusually outspoken effort to defend the new Salvadoran government against recent congressional criticism, Mr. Hinton said Monday that El Salvador's land reform program had been unfairly criticized by the American press, and he asserted that the Senate Foreign Relations Committee reached a "wrong decision" in voting to reduce foreign aid.

Mr. Hinton, a career diplomat, spoke to the World Affairs Council of Washington in what was part of a concerted administration lobbying drive to restore funds cut in Congress from the El Salvador support program.

With crucial votes coming soon on Capitol Hill, Mr. Hinton, in private briefings during the last week, also tried to get key committee members to shift their positions.

Reports from El Salvador, some of which Mr. Hinton described as inaccurate, have said that the new rightist government has suspended part of the land reform program and has begun evicting large numbers of peasants from land they have farmed.

He conceded that there have been evictions since the March election and acknowledged them to be a "serious problem." But he denied that part of the 1980 land reforms had been suspended. This is the core of the dispute in Congress.

Reports from San Salvador, on which Congress has relied, pictured a suspension of the "land-to-the-tiller" program, which was to turn over small plots to peasants and prohibit renting of land anywhere in the country.

Mr. Hinton said that the new assembly had exempted from that law lands for growing cotton, sugar, livestock and food grains. "That caused a big hullabaloo up here," Mr. Hinton said, referring to congressional reaction. "We lost a hundred million dollars in one day."

That was a reference to the Senate Foreign Relations Committee voting to hold military aid to El Salvador to the 1982 level, in effect cutting out \$100 million of what President Reagan had sought. The committee had reached "the wrong decision" in making that cut, Mr. Hinton said.

Such reactions provoke hostility in the Salvadoran press and create some anti-Americanism among those who object to interference from the United States, he said.

Mr. Hinton also was critical of a committee resolution that threatens to cut all aid for El Salvador if the land-reform program is altered to the detriment of peasant-class beneficiaries.

The response of some Salvadorans, Mr. Hinton said, was to say that if the U.S. Senate was going to run their country, then it did not understand the meaning of the March elections, which produced a Constituent Assembly controlled by rightist parties.

Banker's Move Is Fiscal Loss To Nicaragua

Defection by Cesar Edges Country Left

By Juan M. Vasquez

MANAGUA — One more name has been added to the list of those disenchanted with the course of Nicaragua's revolution, and this defection deprives the government of a badly needed measure of credibility with Western financial leaders.

The departure from the country of Alfredo Cesar, a Stanford-trained economist who as head of Nicaragua's Central Bank won the confidence of the international banking community, could have greater impact than the dramatic declaration of former guerrilla leader Eden Pastora that he is prepared to lead an invasion against his former comrades.

Mr. Pastora represents a potential threat to the revolutionary junta headed by Daniel Ortega. Mr. Cesar's departure represents a tangible loss.

Mr. Cesar said in his letter of resignation that, in debate within the government, he had won approval to pursue the policy of cutting back public spending and creating incentives for private enterprise, particularly in the field of exports. He accused Henry Ruiz, one of the nine directors of the Sandinista National Liberation Front, of leading a boycott against this policy.

Mr. Cesar charged that the boycott's purpose was to demonstrate that the mixed economy will not work, thus creating an artificial radicalization of the economic process. A leading former Nicaraguan official described Mr. Ruiz as "a clean-living, personally incorruptible man, but a profound Marxist ideologue."

Mr. Cesar's successor as head of the bank is Luis E. Figuera, a close associate of Mr. Ruiz.

Western Ties Weakened
The resignation weakens the prospect that Nicaragua will be able to succeed where others — notably Cuba — have failed in carrying out a Socialist revolution while retaining a member in good standing of the Western economic community.

"He was the son of person who wanted to make the revolution work," a foreign political observer said, "and he will be sorely missed."

Like Mr. Pastora, Mr. Cesar was once an enthusiastic Sandinista, a member of the revolutionary movement that deposed the dictator Anastasio Somoza in 1979.

"I carried out orders without faltering," Mr. Cesar recalled in his letter of resignation dated May 12, "including that of fighting, which was an honor, and supporting jail and torture, which was a duty."

After the victory, Mr. Cesar played a significant role in negotiating Nicaragua's outstanding external debt of \$800 million. The move kept the country from bankruptcy, although its financial position remained precarious.

Political Council
The result of the boycott led by Mr. Ruiz was a series of measures, including new taxes on business, easier credit and a corresponding increase in the money supply, and the creation of a political council to oversee the work of the Central Bank.

The council, Mr. Cesar said, is making decisions based on strict political considerations, "thus introducing a chaotic factor into the economic life of the country."

Mr. Cesar told Mr. Ortega that he could no longer continue in his post because new measures were "foreclosing the possibility... of liberating our people from foreign domination in giving them the opportunity to satisfy their needs."

He also mentioned Nicaragua's growing dependence on countries that provide money for our subsidies, with political strings attached, apparently a reference to aid from Libya, Cuba and other Socialist countries.



Israeli troops and tanks moved through the streets of Sidon Monday, after an Israeli air attack.



Prime Minister Menachem Begin, left, meeting with Philip C. Habib, special U.S. envoy, in Jerusalem Monday. Mr. Habib was rushed to Israel to persuade Mr. Begin to accept a cease-fire.

Israel Shoots Down 6 Syrian MiGs

(Continued from Page 1)

territory," only an end to the guerrilla threat.

Mr. Begin spoke in a debate on a motion of no confidence in his government brought by the Israeli Communist Party, which expressed reservations about the massive thrust into Lebanon. The motion was overwhelmingly defeated, by a vote of 94-3.

The Israeli military command said its jets downed two Syrian MiGs in each of three dogfights — over Damour, 10 miles south of Beirut, over the area of Beirut itself, and over Galilee. Israel's downed a single Syrian jet over Beirut Monday.

An Israeli radio correspondent reporting from the warfront said the Syrian planes shot down in Galilee apparently were attempting to attack an Israeli armored column in nearby southern Lebanon.

Witnesses reported, meanwhile, that Israeli helicopters attacked a Syrian army radar station on a hilltop in the Beirut suburb of Khaldé, two miles south of Beirut airport.

Other Syrian-Israeli clashes were reported at Jezzine, a Syrian-controlled town 20 miles southeast of Beirut.

A Syrian military spokesman in Damascus claimed Syrian anti-aircraft units and warplanes shot down two Israeli jets that bombed Syrian positions in Jezzine, Tass reported from the Syrian capital. It said Syrian fighter-bombers also raided a concentration of Israeli tanks southwest of Jezzine.

The sudden Israeli strike to the east of Beirut further closed an Israeli noose around Palestinian guerrillas in the southern half of Lebanon. Other Israeli forces were already in the far south and southeast, and had a stranglehold on the coastal highway in the west, cutting the southern guerrillas' supply lines from Beirut.

Reports from the PLO said Israeli commandos who stormed ashore from the sea or were ferried in by helicopters under cover of darkness had landed as far north as the village of Saadiyat.

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WORLD BRIEFS

Sweden Chases Foreign Submarine

STOCKHOLM — Navy helicopters dropped depth charges and blasting caps as they chased a unidentified foreign submarine in Sweden's territorial waters Tuesday following a strong increase in submarine sightings along Sweden's eastern coast in the last week.

The helicopters first dropped blasting caps and then depth charges before the submarine steered eastward out of the zone off the Vaddö Islands in the Stockholm archipelago, Commodore Sten Svedlund said.

Military authorities, still perplexed by the sudden rise in submarine sightings, announced earlier that Swedish units were continuing a search for unidentified submarines in the Baltic Sea off northern Sweden.

Brazilian Jet Crash Kills 137

FORTALEZA, Brazil — A Brazilian jet airliner crashed in heavy rain outside this northern coastal city early Tuesday, killing all 137 people on board, air force rescue teams said.

The VASP airlines Boeing 727, carrying 128 passengers and nine crew members, was on a regularly scheduled flight to Fortaleza from Rio de Janeiro when it crashed in the hilly near Pacatuba about 30 miles (49 kilometers) south of here.

Maj. Luis Gonzales Lopes, coordinator of the rescue operation, said in a television interview that "the helicopters have located the wreckage of the plane and have informed me that, unfortunately, there are no survivors."

Afghan Rebels Said to Lose Key Valley

NEW DELHI — A major Soviet air and ground offensive in Afghanistan involving paratroopers and thousands of soldiers apparently broke a guerrilla hold on Panjshir Valley northeast of Kabul, Western diplomats said Tuesday.

The latest details of the offensive, which began May 20, conflicted with earlier diplomatic and Afghan guerrilla reports, which said that the Soviet forces had been unable to secure the valley.

Both the Soviet-backed Afghan government and the opposition Moslem guerrillas claimed victories, and both boasted that had surrounded the other in the valley. Western diplomats said, however, that the Soviet-led offensive appeared to have broken the guerrilla hold on the valley. The valley has been used by the rebels as a stronghold since the Soviet intervention in Afghanistan in December, 1979.

60 Held in French Raids on Moon Sect

PARIS — Police carried out a nationwide roundup Tuesday on officers and buildings housing members of the Unification Church of the Rev. Sun Myung Moon. Sixty persons were taken into custody for questioning and later released.

The roundup was ordered by Judge Jean Bruet of Besançon, eastern France, who is investigating a case in which a French family has charged that their daughter, Claire Château, 21, was induced into joining the sect against her will. The sect and Miss Château have denied the charge. In March, Miss Château's parents, and five others, abducted her while she was working for the sect in Besançon and tried to "deprogram" her. The seven were charged with sequestration of the woman, Miss Château returned to the sect.

Police raided 13 buildings owned by the Moon church in the Paris area and eight centers of the sect in the cities of Lyons, Lille, Orleans, Rouen, Strasbourg and Rennes. Officials said documents, including lists of members and accounting papers, were seized.

Fighting Reported in Southern Chad

PARIS — Fierce fighting raged Tuesday in southern Chad after rebel troops seized the capital, Njamena, on Monday, French officials said. They said the fighting now centered on the relatively wealthier southern region, inhabited largely by Christians and animists. The officials said rebel forces of the former defense minister, Hissène Habré were solidly in control of the capital, and also now held the northern two-thirds of the country.

The officials said that troops loyal to the vice president, Lt.-Col. Wadal Abdel Kader Kamougue, were battling against forces which appeared to be loyal to the deposed president, Goukouni Oueddi. Mr. Goukouni fled to Cameroon, they said. He earlier was refused sanctuary by Nigeria, according to official sources in Lagos.

Compiled From Agency Dispatches

President Reagan, flanked by two Yeomen of the Guard — known as Beefeaters — at Westminster Palace on Tuesday.

Reagan, in U.K. Parliament, Restates Falklands Position

(Continued from Page 1)
lumps of rock and earth so far away," but added that they "aren't fighting for mere real estate."

"They fight for a cause, for the belief that armed aggression must not be allowed to succeed, and that people must participate in the decisions of government under the rule of law."

The audience broke into applause for the first time. Mr. Reagan went on to say, "If there had been firmer support for that principle some 45 years ago, perhaps our generation wouldn't have suffered the bloodletting of World War II."

U.S. officials said the president's words made it plain he was not backing away from his strong support for Britain despite problems in U.S. relations with Latin American countries.

They said his speech should dispel any chill that developed when the United States said it meant to abstain but instead, because of what was described as a communications breakdown, joined Britain on Saturday in vetoing a UN Security Council resolution calling for an immediate cease-fire in the Falklands.

With fighting intensifying in the Middle East, Mr. Reagan made a new appeal for an end to Israel's military thrust into Lebanon and a withdrawal of its forces.

The president appeared to have recovered from the extreme fatigue he showed in Rome on Monday when he nearly fell asleep during an audience with Pope John Paul II.

The main thrust of his speech

Argentine Military Commanders Seen to Have Made Basic Errors

By Drew Middleton

LONDON — British and foreign military sources say that, while they do not discount British military achievements in the Falklands, they believe Argentine commanders have made a series of errors that have placed their forces in a steadily deteriorating position.

One officer here said the Argentine garrison at Stanley was penned into a relatively small defensive position, where it is highly vulnerable to British artillery and, when the skies clear, to strafing and bombing attacks by Harrier jets.

The Argentine Air Force so far has confined its support of the ground troops to raids by Canberra bombers, an aircraft now almost obsolete.

Two fundamental mistakes, the informants said, have put the Argentine forces into that position. The general view in London is that the Argentine command, from the outset, displayed an overconfidence unjustified by either its forces and equipment or its command personnel.

The military sources said the first principal Argentine mistake, from which others flowed, was the failure to use infantry, as well as the air force, to attack the British beachhead established at Port Stanley on May 21 when it was in the critical building stage.

The Argentine Air Force did attack the ships in the anchorage with great vigor, but British and aircraft missiles ashore and at sea were able to keep British losses to what is regarded as an acceptable level.

The sources said that if the air attacks had been synchronized with an infantry battalion attack, the British position in the beachhead would have been much more precarious.

They said that the Argentine garrison had enough helicopters to transport troops to the San Carlos sector to attack the beachhead but the only reaction by the ground forces was the deployment of one company of ill-trained infantry at Fanning Head near the beachhead.

The second serious mistake, they said, was the failure of the Stanley garrison to fortify and hold the high ground. The command in London was surprised by the ease with which the first British troops, attacking after a long march across the island, were able to drive the defenders off the high ground.

Few Casualties
The ease with which the British troops moved across the island after the victories at Goose Green and Darwin is another mystery to British analysts. The British arrived on the hills overlooking the capital with most of their ammunition and with casualties confined to sprains suffered on the march.

Equally surprising, the experts said, was the Argentine failure to interfere with the movement of field guns onto the heights.

British sources also are surprised by the absence of aggressive patrol activity by the Argentine forces in and around Stanley. Some attribute this to a shortage of ammunition.

Correction
The Banco de Napoli International S.A. was incorrectly listed in the directory of banks that appeared Monday in the supplement on Banking and Finance in Luxembourg as the Luxembourg Italian Bank S.A. The name was changed July 14, 1981. The address remains 63 Avenue de la Liberté.

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Disarmament Session Convenes at UN Under Cloud of Past Failure

By Walter Pincus
Washington Post Service

UNITED NATIONS, N.Y. — The General Assembly's second special session on disarmament has opened with the two top UN officials frankly reminding the delegates that nothing concrete emerged from the organization's first such session in 1978.

"Not a single weapon has been destroyed over the past four years," Assembly President Ismay Kittani of Iraq said Sunday of the results of the earlier disarmament session. He called it "a sorry record of failure."

Secretary General Javier Pérez de Cuellar recalled that the comprehensive program of disarmament adopted by the assembly in 1978 "has largely remained a dead letter." The goals in that program, he said, are "further from our reach now than they were four years ago."

It was on that note that the General Assembly began Monday what will be five weeks of speeches on the need to end the arms race. At least 14 world leaders and high officials of 85 other nations are expected to talk. Among them will be President Reagan, Prime Minister Margaret Thatcher of Britain and Chancellor Helmut Schmidt of West Germany. The Soviet position will be given by Foreign Minister Andrei A. Gromyko.

In addition, there will be brief presentations by more than 75 representatives of nongovernmental organizations, including peace and arms research groups from around the world.

The outcome is expected to be a new version of the disarmament plan passed four years ago. Despite this emphasis on action by

the United Nations, however, there is recognition among some of the delegates that the international organization can do little more than apply moral pressure to its members that are actually in the arms race.

Mr. Kittani noted that when it comes to reductions in nuclear weapons, for example, the "superpowers," the United States and Soviet Union, "must lead the way if there is to be progress." He welcomed the participation of world leaders but added that he hoped they "would not defend such sterile and even dangerous positions."

Although he voiced despair at past inability to control the building of arms, the assembly president said there were two new factors today. "Economics are working in favor of rationality in the arms race," he said, referring to the high cost of building new weapons.

He described as the "most encouraging" new factor "the growing and increasingly assertive public movements against the arms race," which he said are "worldwide and cut across the political spectrum."

Saturday, an estimated 500,000 people are expected to march past the UN headquarters building and then gather in Central Park for a daylong anti-nuclear rally. A demonstration Monday near the United Nations drew a much smaller number. At mid-afternoon, only about 150 people were to be found, listening to a folk singer and waiting for the peace activist Daniel Ellsberg to speak.

Although the United States does not expect any direct pressure on it as a result of the General Assembly session, it has taken steps to meet what it sees as attempts to



Delegates at the opening of the UN disarmament session.

put the Reagan administration's disarmament policy in a bad light. By withholding visas from peace activists around the world, who, the administration said, were associated with Soviet front groups such as the World Peace Council, the State Department hoped to prevent speeches at public meetings here and in other American cities.

The U.S. delegation also may have problems with two resolutions expected to be introduced. One sponsored by India would say that any nation that uses nuclear weapons will be committing a

crime against humanity. The Soviet Union may introduce a resolution calling for nations to agree to "no first use" of nuclear weapons. In the past, the United States has opposed such resolutions.

To present its side of the issue, the U.S. delegation has opened an exhibit at its mission's headquarters. It features videotapes of Mr. Reagan's disarmament speeches and charts that show Soviet spending on arms as far greater than that of the United States.

U.S., Russia Meet in Geneva

GENEVA (AP) — U.S. and Soviet negotiators conferred Tuesday for more than two hours in the 29th round of talks on reducing intermediate-range nuclear weaponry in Europe.

Kirkpatrick Terms U.S. Diplomacy Amateurish

United Press International
NEW YORK — Jeane J. Kirkpatrick, the U.S. delegate to the United Nations, says that U.S. diplomats have behaved "like a bunch of amateurs" in international affairs.

"I believe the decline of U.S. influence in the United Nations is part of the decline of U.S. influence in the world," Mrs. Kirkpatrick said Monday at a Heritage Foundation luncheon. "And that it is a direct reflection of what I see as a persisting U.S. ineptitude in international relations."

Her comments, bound to move her deeper into controversy with her government, were made after a bungled vote at the United Nations and a continuing dispute between her and Secretary of State Alexander M. Haig Jr.

Last week, Mr. Haig decided to have Mrs. Kirkpatrick abstain from a UN vote opposed by Brit-

ain that called for a cease-fire in the Falklands, but his instructions arrived only after she had voted with Britain. The lapse in communications emphasized the fact that Mr. Haig and Mrs. Kirkpatrick are barely on speaking terms.

Haig's Response

[Mr. Haig said he would not comment on Mrs. Kirkpatrick's statements until he had studied it, Reuters reported from London, where Mr. Haig is staying with President Reagan on his European tour. He said, however, that he considered U.S. foreign policy to be at times "even brilliant" and at times "rather stupid."]

The White House and the State Department had no comment on Mrs. Kirkpatrick's statement.

Mrs. Kirkpatrick told the luncheon audience that the United States has been losing its influence

around the world for decades, especially at the United Nations. "We have not been good at the politics of the United Nations," she said, adding that the United States has not understood the peace organization's functions.

"We simply have behaved like a bunch of amateurs," Mrs. Kirkpatrick said. She called for the United States to act as "political professionals, with a clear-cut conception of our purposes and of the political arena in which we operate."

She said that "the Soviets, the Asian states, the Syrians, the PLO — and now recently the British — exercise influence in that body which we cannot even hope to approximate."

The United States has not been able to put together "winning combinations" on issues, Mrs. Kirkpatrick said. "We have been virtually paralyzed in the United Nations for a long time, for over a decade."

She said that from 1965 to 1967, when many Third World nations gained independence and joined the organization, the United States slipped into ineffectiveness. "The United States should be the last country in the world to have problems with decolonization," since it always has "supported national aspirations."

One solution to the U.S. decline in influence might be to have permanent representatives to the United Nations "who stay long enough to know the scene," she said.

Zimbabwe to Get EEC Aid

BRUSSELS — The European Economic Community on Tuesday granted \$1 million in special aid to Zimbabwe, where drought has cut food production to 46 percent below last year.

Primary Voting Begins for 4 U.S. Senate Seats

By Adam Clymer
New York Times Service

WASHINGTON — The spring's busiest primary election day featured contests in 12 states from Maine to California on Tuesday, with party nominations for six governorships and four Senate seats at stake.

The Senate races in New Jersey and California, where Republican incumbents are not seeking re-election, were among the most critical for that party. But there were key contests among Democrats for governorships they hoped to win away from Republicans in Ohio, Iowa, and Arkansas, along with their own Senate battle in New Jersey.

While Gov. Edmund G. Brown Jr. of California was the overwhelming favorite for the Democratic nomination to succeed Sen. S.I. Hayakawa, who is retiring, the Republicans had a three-way race for their nomination. Mayor Pete Wilson of San Diego has led in recent polls over Reps. Barry Goldwater Jr. and Paul N. McCloskey.

In New Jersey, where Sen. Nicholas F. Brady — appointed to

succeed Harrison A. Williams Jr., the Democrat who resigned — is not seeking the nomination, Jeffrey Bell, a former campaign aide in President Reagan, was pressing the early favorite, Rep. Millicent H. Fenwick. Democrats had a nine-way race for their nomination, with businessman Frank R. Lautenberg and former Reps. Andrew Maguire and Joseph LaFante believed to be leading.

In the Republican gubernatorial primary in California, Lt. Gov. Michael C. Curb and Attorney General George Deukmejian each claimed to have been a better supporter of Mr. Reagan. On the Democratic side, Mayor Tom Bradley of Los Angeles faced no serious opposition in his first step toward becoming the first black to serve as a state governor in more than a century.

The Republican hopes for gains in the Senate involved Rep. David F. Emery, who is opposed in Maine, and Larry Williams, an author and investment counselor who was the heavy favorite for his party's nomination in Montana. In Maine, the appointed incumbent Democrat, George J. Mitchell, was also unopposed. But in Montana, John Melcher had a primary foe, Mike Bond, who accused him of bending too far in support of Mr. Reagan last year.

Across the nation, Democrats had high hopes of adding control of statehouses in Arkansas, Iowa, and Ohio. In Arkansas, former Gov. William J. Clinton's hopes for a comeback were getting an unexpectedly serious test in a runoff with Joe Purcell, a former attorney general and lieutenant governor. Gov. Frank White, a Republican who upset Clinton two years ago, won renomination two weeks ago.

In Iowa, an unexpected Democratic opportunity developed this winter when Gov. Robert D. Ray announced he would not run again. His lieutenant governor, Terry E. Branstad, was running unopposed but was considered a less formidable candidate.

The Democrats had a contest among Edward Campbell, their former party chairman; Jerome Fitzgerald, their losing candidate against Gov. Ray four years ago,

and Roxanne B. Conlin, a former U.S. attorney who was favored.

In Ohio, Sen. Howard M. Metzenbaum, a Democrat, faced token opposition for renomination, while Republican state Sen. Paul Pfeiffer was favored over a former city councilman from Cincinnati, Walter E. Beckjord.

But the real action was in the close races for the chance to succeed Gov. James A. Rhodes. Among the Democrats, former Lt. Gov. Richard Celeste and Attorney General William J. Brown appeared to be running ahead of Jerry Springer, another former Cincinnati councilman, who has put ads on television apologizing for having visited a prostitute as evidence that he faces up to his mistakes.

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U.S. Bars Visas to Some Activists Hoping to Attend UN Peace Meeting

By Paul Taylor
Washington Post Service

WASHINGTON — More than 300 foreign peace activists, most of them from Japan, have been denied visas to attend a United Nations disarmament conference that opened Monday in New York because they are affiliated with organizations that have Communist ties.

The State Department initially denied the visas last week under the provisions of the 1952 McCarran-Walter Act, which bans entry into the United States to anyone who is affiliated with a Communist organization.

When news of the visa denials broke, the department said the action was mandatory under the act, and that the names of 357 applicants had been sent to the Justice Department to see if any waivers should be granted.

Duke Austin, a spokesman for the Justice Department's Immigration and Naturalization Service, said Monday that its examiners decided to waive the denials in 42 cases where the applicant had received a personal invitation from the UN to attend the conference.

No Special Circumstances

As for the remaining 315, Mr. Austin said there were "no special circumstances in any of the cases that would warrant a waiver." He said that Attorney General Wil-

liam French Smith, while he did not "personally review every case," was aware of the decision.

The denials drew a sharp protest from peace movement leaders, who will try to overturn them Tuesday in U.S. District Court in New York.

"This is an act of political weakness and it will not succeed," said Sidney Peck, director of the International Liaison Office in New York, a private group that is helping to coordinate the UN conference and an anti-nuclear rally planned for Saturday in New York's Central Park.

"They must indeed be frightened of the growing international movement for disarmament," Mr. Peck added.

Restraining Order

At least 286 of the 315 unsuccessful visa applicants are members of Gensuikyo, a Japanese organization with ties to the World Peace Council, "an organization with strong affiliations with the Communist Party of the Soviet Union," according to the State Department.

A spokesman for the State Department said that once the Justice Department decided not to grant waivers, the matter was closed.

But peace groups and the American Civil Liberties Union, which is representing them in court, said

the government had chosen to invoke the McCarran-Walter Act in an arbitrary and haphazard way. They are seeking a temporary restraining order in U.S. District Court.

ACLU lawyer Steven Shapiro said the State Department initially identified more than 300 foreigners with ties to proscribed organizations, but, for reasons that are not clear, chose to grant visa applications to more than 100 of them, including some members of Gensuikyo.

He also said that several hundred members of the Japanese organization, whose name stands for Japanese Council Against A and H Bombs, were allowed to attend a similar UN disarmament conference in 1978.

U.S. District Court Judge Pierre Leval, during court hearings Monday, asked the government's attorney to present letters in which the administration formally sets forth its reasons for denying the visas. He also ordered the government to produce records of how often the McCarran-Walter Act has been invoked.

The United Nations has invited 1,400 individuals from 375 organizations around the world to be observers at the session. About 500,000 peace activists are expected at the anti-nuclear rally on Saturday.



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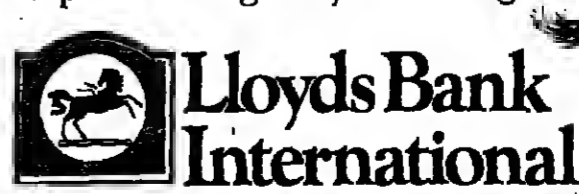
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Church, Intellectuals Begin to Ally in Poland

Their Link, Forged by Solidarity, Seems More Practical Than Ideological

By Henry Kamm
New York Times Service

WARSAW — In these days of martial law, when Poles find little to give them cheer, one positive development has been the emergence of an alliance between the Catholic Church and the intelligentsia, according to intellectuals.

Because of the restrictions on political life in the Communist world, the cultural milieu, more than in Western countries, makes up for the absence of an open exchange of political ideas by funneling a measure of unorthodoxy into public life.

From the late 1950s through the mid-1960s and again in the 1970s, Poland's theater and films treated subjects drawn from real life with a minimum of the smile-even-if-it-hurts optimism that is required by Socialist realism, the Communist approach to culture. Music and graphic and plastic arts went their own way and Polish writers, by constantly pushing at the borders of the permissible, carved out for themselves a considerable area of literary freedom.

At the same time — and this was the rarest of luxuries in Eastern Europe — any Pole could visit a church and hear more or less open opposition speeches from the pulpits of this fervently Catholic country.

Separate Circles

But these two areas of relative freedom lived in separate circles. The church was a body of orthodoxy of the more liberal wing. It distrusted the liberal intellectuals and artists, both for their work and their unconventional way of life.

The artists, on the other hand, regarded the church as most artists in the Western world did, as an outdated bastion of conservatism, uncomprehending of and unsympathetic to a world that appeared to have outstripped its values.

Relatively few intellectuals went to church, and hardly any listened to accounts of anti-government sermons by the cardinal or critical pastoral letters by the episcopate, which Poles without intellectual pretensions accepted as gospel. At the same time, criticisms from intellectuals, in letters or elaborate tales or poems circulating only among them or in private protests to a party organization, were the subject of keen discussion.

Stifling Banality

Poles now note that the Solidarity trade union movement served as a meeting place of the two worlds, with Lech Walesa and the rest of the churching union leadership consulting with both and serving as a bridge. Solidarity has been driven underground, but the link that it established functions as an important focus of opposition.

Martial law has condemned cultural and intellectual life to stifling banality, and this milieu for the time being cannot play the open role it did in earlier decades. But the church remains what it has al-

ways been, the most vital organized force and, since the imposition of martial law and the stanching of the aspirations for freedom, more than before the organization to which Poles turn to show them the way.

The presence of a Polish pope as a voice to the world of his people's aspirations is as much valued by secular intellectuals as it is by churchgoers. From the beginning, churches have served as the focus of oaths from the internment camps and of relief and liberation efforts for political prisoners.

Today, famous figures from cultural life can be seen out only at mass but also visiting sacristies, which have become centers of exchange of political information and discussion.

There are rumors that Solidarity leaders who escaped arrest and have gone underground are being sheltered in church institutions.

Churchmen assert that the new attention paid to the church by intellectuals is a result of a need for consolation and faith. Few intellectuals appear to agree; rather, they see the church as a potent ally in the struggle against martial law.

U.S. Blocks Moscow Trip Of Ace Chess Computer

From Agency Dispatches

WASHINGTON — Intent on stopping the outflow of sensitive technology, the U.S. Customs Service has blocked shipment to the Soviet Union of a machine called Belle, the world-champion of computer chess.

Belle woo the title in 1980 at the most recent world computer chess championship tournament, in Linz, Austria. The Commerce Department said the computer might be of military use.

Kenneth Thompson, the frustrated scientist who wanted to take it to a Moscow chess exhibition, said: "The thing plays chess. That's all." He added that the only way it could be used militarily would be "to drop it out of an airplane; you might kill somebody" if it hit them.

The Commerce Department would not comment on why a chess computer could be considered militarily sensitive, but returned it to ATT Bell Labs, where it was created, after a \$600 fine had been paid.

The seizure is part of Operation Exodus, a major new program to halt what government officials have called a "hemorrhage" of the nation's best technology to the Soviet Union and its allies.



Tomisaburo Hashimoto leaving a Tokyo court after sentencing.

2 Sentenced in Japan In Lockheed Scandal

By Tracy Dahlby
Washington Post Service

TOKYO — A Tokyo district court on Tuesday handed down suspended prison sentences for two veteran Japanese politicians as punishment for their role in the six-year-old Lockheed bribery scandal.

This was the first ruling involving national political figures in the Lockheed affair and is widely interpreted as a sharp blow to the former premier, Kakuei Tanaka, and his vast political influence. Mr. Tanaka still faces a verdict in his trial on charges of accepting a \$2.1-million bribe for allegedly using his influence to promote the sales in Japan of Lockheed TriStar passenger jets.

The judge found Tomisaburo Hashimoto, 81, a former minister of transport, and Takayuki Sato, 54, a member of parliament from the ruling Liberal Democratic Party, guilty on charges of having accepted a total of \$30,000 in bribes from All-Nippon Airways, Japan's largest domestic airline, in return for political favors.

The money allegedly was handed over to the two men by executives of Marubeni, the Japanese

trading company that acted as Lockheed's agent for aircraft sales in Japan.

Mr. Hashimoto, a close political ally of Mr. Tanaka, was sentenced to 2½ years in prison and Mr. Sato to a jail term of two years, but the terms were suspended pending a three-year probation.

Prosecutors alleged that the two, both veteran Liberal Democrats appointed to key political posts in the Transport Ministry in the early 1970s, used their influence to stall government approval of plans by Japan Air Lines, an All-Nippon Airways rival, to introduce wide-body jets on its domestic routes. The delay, prosecutors said, gave All-Nippon some breathing space for fleet expansion, and the subsequent purchase of 18 Lockheed TriStar jets for that purpose.

'Gray Officials'

Prosecutors also linked current Liberal Democratic Party Secretary-General Susumu Niikaido and three other prominent party members to alleged All-Nippon payoffs. These "gray officials," seven in all, allegedly netted \$125,000 for influence-peddling on All-Nippon's behalf.

A guilty verdict against Mr. Tanaka could force him from national politics and have an destabilizing effect on the Liberal Democrats, who are actually conservative despite the name and have been in power in Japan for the past 27 years.

The air of expectation surrounding Tuesday's rulings overshadowed Premier Zenko Suzuki's participation in the Versailles economic summit and his tour of the United States this week.

Lidice Lives Again, in Memory of a Massacre

By Kenneth Jautz
The Associated Press

LIDICE, Czechoslovakia — After nightfall on June 9, 1942, Nazi troops avenging an assassination took the women and children from this little village, massacred its men, and then obliterated it.

The women and children were taken to concentration camps; 60 of the women and 82 of the children eventually died; 192 men were killed in the massacre.

The village of 503 persons was no more.

The Nazis covered over its burned rubble and ordered its name removed from German maps of Czechoslovakia.

"No one can describe how terrible it was," said Anna Nesporova, a survivor. "We didn't know what was happening or why."

40th Anniversary

But Lidice lives again, and Czechoslovakia is marking the 40th anniversary of the massacre and destruction this month with memorial concerts, exhibits and commemorative services.

The Nazis wiped out Lidice in reprisal for the assassination in Prague of SS Chief Reinhard Heydrich on May 27, 1942. Records show no evidence connecting the village to Mr. Heydrich's assassination, by pariahs, but Nazi suspicions were aroused by an in-

tercepted love letter to a woman with a family name that the Gestapo traced to Lidice.

In the letter, the man wrote of a "fateful day" — a phrase the Gestapo took to mean the day of Mr. Heydrich's assassination. Historians later said the phrase probably referred to a lover's parting.

In a postwar People's Tribunal in Prague, a former SS officer, Harald Wiesman, testified that the SS — the Nazi elite corps — was under such heavy pressure to solve the assassination case that false reports were sent to Hitler about weapons in Lidice.

Seventeen Aryan-looking children of the village were spared the concentration camps and sent to Germany for "re-education." Most of them returned to Czechoslovakia after the war, but others are still unaccounted for.

Marcos Supported in Regional Votes

Readers

ZAMBOANGA, Philippines — The ruling New Society Movement of President Ferdinand Marcos appeared set Tuesday to take control of two legislative bodies that were created in the southern Philippines to allow limited self-rule for minority Moslems.

Unofficial returns from polling Monday for the two 17-member autonomous assemblies in western

"Lidice should be remembered as a symbol of the millions of children and other innocent victims destroyed by war in our cruel century," said Czechoslovak sculptress Marie Uchytilova.

For the past 10 years the nationally known artist has been sculpting life-size statues of the 82 Lidice children who died. If a local arts board grants the 6 million crowns (about \$600,000) she says is needed to bronze the nearly completed figures, Mrs. Uchytilova hopes to place them in the meadow that marks the original village.

After World War II, Czechoslovak officials planted a "garden of peace" on the site, with flowers from 36 countries. A cross draped with barbed wire stands in the field, and stone plaques represent each of the destroyed homes.

and central Mindanao showed candidates from Mr. Marcos, many of them Moslems, leading in all but one constituency.

The vote is an indication of the level of support for Mr. Marcos' reconciliation program in the south, where an estimated 60,000 people have died in 10 years of fighting between government troops and separatist Moslem rebels.

A museum visited by nearly 300,000 people a year overlooks the meadow and commemorates the victims of Lidice with pictures, relics and documentary film clips.

The new Lidice is a quiet residential village of 530 people in the rolling hills 20 miles (32 kilometers) northwest of Prague. It is less than half a mile from the old village. Nearly half the families lived in Lidice before the war, and they were given new homes by the government when they chose to return.

"It didn't matter where we lived after the war, we would have carried those memories with us everywhere," said Josefa Enduslova. "So we came back."

In Prague's Old Town recently, Mrs. Enduslova joined a dozen other survivors to open an exhibit of paintings and a series of poetry readings that depicted the massacre. Concerts commemorating the reprisal were also held. One memorial performance ended with Beethoven's Third Symphony, known as the "Eroica" for its portrayal of heroic struggle.

After the war an international movement was launched with the motto "Lidice shall live again," and towns throughout the world were renamed Lidice.

"The name will always remind us of one fascist crime among many," Mrs. Uchytilova said.

Kenneth Rexroth, 76, Poet and Painter, Dies

The Associated Press

SANTA BARBARA, Calif. — Kenneth Rexroth, 76, a poet, critic, painter and precursor of the Beat Generation died of a heart ailment Sunday.

Mr. Rexroth was said to have served as a model for the Beat Generation because of his life and his verse. He gave poetry readings to jazz accompaniment in clubs in San Francisco and New York's Greenwich Village.

He won numerous awards for his work as a poet, artist and critic. Among them were the William Carlos Williams award, the National Academy Award and the Emeric Tietjens award. He also was an Amy Lowell and Guggenheim fellow.

He had exhibited his paintings at one-man shows throughout the United States and in Paris and had studied at the New School, the Arts Students League and the Art Institute in Chicago.

A native of South Bend, Ind., Mr. Rexroth wrote poems, plays, essays and histories as well as an autobiographical novel.

Mr. Rexroth had served as San Francisco correspondent for The Nation magazine and as a columnist for the San Francisco Examiner, and was a co-founder of the San Francisco Poetry Center.

Ferdinand W. Demara Jr.

ANAHEIM, Calif. (AP) — Ferdinand Waldo Demara Jr., 60, "The Great Impostor" who spent much of his life pretending to be somebody else, died Monday after a heart attack at West Anaheim Community Hospital.

At various times during his life, Mr. Demara lived as a Trappist monk, a doctor of psychology, a dean of the school of philosophy at a small college in Pennsylvania, a law student, a zoology graduate, a career researcher, a teacher at a junior college in Maine, a surgeon in the Royal Canadian Navy, an assistant warden at a Texas prison and a teacher in a Maine village.

His exploits led to charges against him for fraud, forgery, theft, embezzlement, resisting arrest, vagrancy and public drunkenness.

He was the subject of a best-selling book, and in 1960, Tony Curtis played him in the movie "The Great Impostor."

Zurab Pataridze

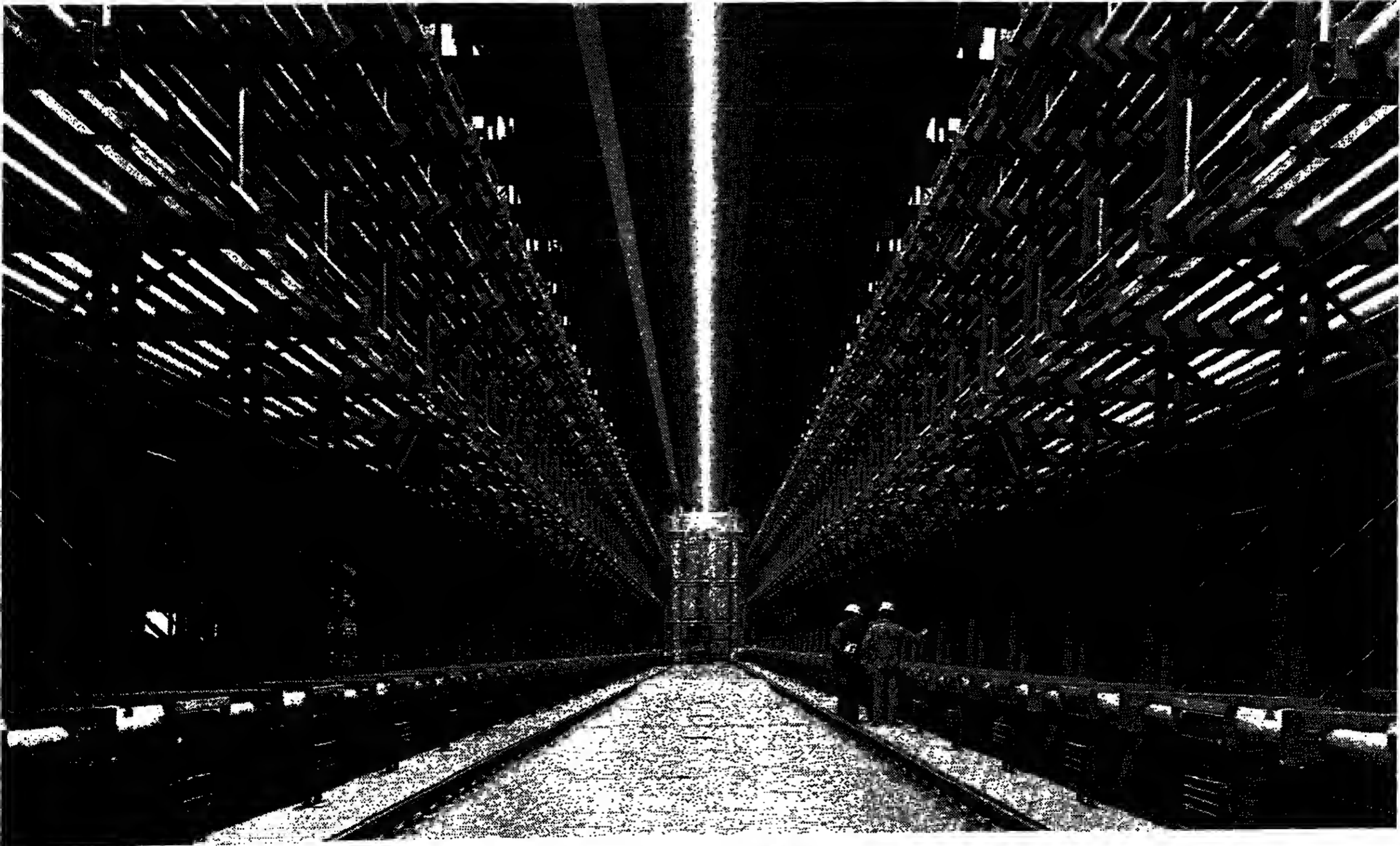
MOSCOW (Reuters) — Zurab Pataridze, 53, premier of the Soviet Republic of Georgia since 1975, was killed in a car accident Saturday, Tass reported Tuesday.

12 Die, 13 Hurt in Raid On Philippine Village

The Associated Press

MANILA — About 35 men armed with knives raided a Philippine village last week, killing 12 persons and wounding 13, the Defense Ministry said Tuesday. The motive for the attack was not clear, the ministry said.

A sketchy military report said the incident occurred June 2 during the crowning of a local beauty queen in Catacujan, about 300 miles (480 kilometers) southeast of Manila.



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ARTS/LEISURE

A Stravinsky Tribute, Made to Order

By John Corry

New York Times Service

NEW YORK — Arguably, Igor Stravinsky was this century's greatest composer. Demonstrably, George Balanchine is its greatest choreographer. Therefore, the New York City Ballet will offer the Stravinsky Centennial Celebration, largely dedicated to the fruits of their collaboration. It starts Thursday at the New York State Theater and ends June 18, 100 years to the day after Stravinsky was born in Oranienbaum, Russia, in 1882. Most authorities give his birth date as June 17; Balanchine, however, knows better.

The celebration will include 11 new ballets, 13 ballets from the NYCB repertoire, two revivals, plus incidentals — the blue flag with Orpheus' lyre, for example, which now flaps at Lincoln Center as the centennial symbol. Everything will be informed by history; everything will be idiosyncratic. In a way, Stravinsky was the City Ballet's house composer.

"Stravinsky was the spine — moral, artistic, even physical — of almost everything that Balanchine has done since he came to America," said Lincoln Kirstein, the general director of the City Ballet. "Stravinsky loved to compose on order. He was a plumber. He'd say, 'How long should the music be, and how much do I get paid for it?' And he was right. Those are the only two things that matter."

But of course, Balanchine is a plumber, too, even if he is careless about money. Stravinsky denied that music was a matter of conceptual thinking; he said you just sat down and wrote it. He also said the word "genius" gave him a pain. Balanchine says the word gives him a pain, too. Stravinsky said that music existed for itself, beyond the meaning of words. Balanchine creates plotless ballets, danced for the sake of dance. Stravinsky said he wanted his music to be "executed," not "interpreted." Balanchine hates interpretation, or at least too much interpretation, the way other men hate sin.

Stravinsky said that music was "order, measure, proportion — that is, all those principles that oppose disorder." Balanchine lives by this as an aesthetic for dance; Kirstein, in fact, would face cold steel in its support. It is why the City Ballet is so full of plumbers, with perspiration and exigencies demanding equal time with muses.

For the Stravinsky rehearsals, six choreographers — Balanchine, Jerome Robbins, John Taras, Jacques d'Amboise, Peter Martins and Lew Christensen — had to choose dancers, rehearsal space and time, while allowing for minor rules, illnesses and injuries. Meanwhile, the company was giving its regular performances at night. "I take less time," Balanchine said. "I take what's left over." A plumber. Ten days before the celebration was to begin, Balanchine still had not begun work in the studio on two of his premieres — "Persephone" and "The Flood."

Around him, however, people did work, each in his own way. "No one else has the courage to do nine days of Stravinsky," said Taras, who is choreographing "Concerto For Piano and Winds." "If it weren't for us, half the works here would never be heard. There isn't one great orchestra, or one great conductor, who would do this kind of thing. But we've proved that with Stravinsky you can fill the house. Yes, Stravinsky is demanding. But the music has a wonderful pulse. The rhythms are interesting. The changes in tempo, you try to cope with that."

"So many notes before the rhythm gets going," Martins said. He was in a studio, choreographing "Concerto for Two Solo Pianos," which will have its premiere Sunday. Five months ago he got the tapes to the music; two months ago he started to analyze it; one month ago he took to the studio. At the moment, he was working out a serpentine entwinement for Heather Watts. Martins wanted Jack Soto, Watts' partner, to hold her high above him. Then she was to work her way down his body, more or less as if she were a cocksworm. Watts looked doubtful; she seemed to have a migraine.

"It's itchy," she said. "When I do that, I pull away from my partner." Martins looked pained. He began to dance what he thought Watts should do.

"Maybe," he said. "I don't know — if you slide down — if you can get this position."

Watts watched Martins, then watched his image in the mirror. "It's not pretty," Martins said, "but it's not supposed to be." He had Watts corkscrew down Soto with her back to his front. It seemed to work. She no longer pulled away from him. She smiled. Choreography is made of many small decisions like that.

• The next day, Martins worked with Dard Kistler on "Piano-Rag-Music." Its count was complicated, demanding many steps and no sustained passages. Kistler had to be plastic and perky.

"You get so eager, you start to anticipate," Martins said. "You're confusing me," Kistler said.

"Would you like me to leave?" Martins said sharply. Kistler giggled. Martins gave up looking sharp, and showed Kistler what he wanted her to do: She was to stand on pointe, supported by four boys who would then lower her to the floor and immediately raise her up, not fully upright, but tilted, whereupon, supported by the four boys, she would walk in a circle, "imagine you all want her," Martins said to the boys. Then Kistler was to leap out of the circle, right leg high in the air. Three times she tried it; three times something infinitesimal went wrong. Even Kistler's smile faded. The fourth time it went right.

"Thank you," Martins said. "Thank you," Kistler replied. She sat down, took off her shoe and put a Band-Aid on one of her toes. There was another Band-Aid on the toe next to it. Kistler is an ingenue, and a bit of a plumber, too.

• After Martins and Kistler left the studio, teen-age students from the School of American Ballet came in. D'Amboise was to rehearse them in a scene from "The Flood." He has choreographed two new ballets for



Balanchine and Stravinsky at 1957 "Agon" rehearsal.

the celebration, "Serenade to La" and "Pastorale"; he also has the distinction of having had Balanchine create more roles for him than for any other dancer.

In 1962, when "The Flood" was done as a CBS television production ("It was awful," Balanchine says), d'Amboise danced the roles of Lucifer and Adam, so he remembered the tricky business of how a black plastic sheet was unrolled to look like a billowing sea. In the studio, he instructed the students on the unrolling.

• Meanwhile, downtown, David Richardson was working with 21 little girls, students at the School of American Ballet, ages 8 to 10. Richardson has rehearsed squadrons of Debbies, Lissas and Jennifers, for "Nutcracker," "Midsummer Night's Dream" and "Magic Flutes." Sometimes they prance through his head at night, depriving him of sleep.

This time he was rehearsing the little girls for "Circus Polka," a ballet by Robbins. Their mothers waited outside in a hallway. It was a good thing. The little girls were so adorable, taking tiny steps, miming trumpets and drums. They were so adorable, their mothers would have died, their fathers would have cried.

"You guys are boring me to death," Richardson said to the little girls. "You guys aren't putting any energy into it at all. The look on your faces is too vacant."

Think of Richardson as passing the torch. Passing the torch, especially with the Stravinsky Centennial Celebration, is also what the City Ballet is about. When Stravinsky was a boy he saw Tchaikovsky, Tchaikovsky had Petipa; Stravinsky had Balanchine. They would change the appearance of dance; they would change the appearance of dancers. The little girls didn't know it, but they were becoming heirs to a tradition.

• By now, upstairs, Balanchine is stepping into a studio, ready for his first rehearsal of "Persephone." It is a solemn moment, a magic moment, a moment not to be taken lightly. In an electric blue cowboy shirt, Balanchine is the least godlike of men, but there is all that tradition, and all that accomplishment, and by everyone's reckoning he is a genius, whether he likes the word or not.

"And now," he says, motioning the dancers to begin. In their midst, an older woman moves gracefully. "Persephone" has a text by André Gide; she is to speak its words. Her charm is apparent; her ease with Balanchine is apparent, too. She is Vera Zorina, who was his third wife, and languidly she walks up to the great man and pats him on the cheek. It is very reassuring. Parnassus doesn't crack.

'Annie': In Praise of Waste Space

By Vincent Canby

New York Times Service

NEW YORK — Somewhere toward the middle of "Annie," John Huston's gigantic screen version of the still-running Broadway musical, Sandy, Annie, Daddy Warbucks, Daddy's beautiful secretary Grace Farrell, and Punjab, Daddy's bodyguard, take themselves off to see a movie at Radio City Music Hall. This is the era of T.V., the Depression, the National Industrial Recovery Act, orphan asylums and the Music Hall. Daddy, as is his way, does things right. He buys out the house for one performance.

There, in lonely splendor in the middle of that vast gold auditorium, Sandy, Annie, Daddy and Grace sit in a row, with Punjab behind them, beholding the Music Hall's wonders. First there is that elaborate stage show, including the Rockettes, followed by the feature attraction, Greta Garbo and Robert Taylor in "Camille," projected, for some reason, in the wide-screen ratio of today.

After being held spellbound by the stage show, Annie and Sandy fall asleep as soon as the movie begins. Daddy Warbucks generously hides his boredom and worries about Grace, who weeps happy bucketfuls as Taylor's Armand is renounced by the great Garbo's Marguerite.

"No one has ever loved you as I love you," says Taylor with all of the conviction of a Nebraska shoe salesman.

"That may be," says Garbo, sublime even when acting by herself, "but what can I do about it?"

Popular, Not Classic

It's a marvelous, moving and very funny moment that suddenly defines this "Annie." It makes comprehensible what Huston the director, Ray Stark the producer and Carol Sobieski the writer are up to in their spending of a reported \$40 million to \$50 million to bring to the screen an immensely popular but not exactly classic example of Broadway schmaltz and hokey.

"Annie" is a no-expense-spared tribute to the Music Hall and the kind of show business it represents. Though it's longer than most movies that played the Music Hall in its heyday, "Annie" is a clearly perfect Music Hall picture. It's big, colorful, slightly vulgar, occasionally boring and full of talent not always used to its limits. It's a movie in praise of waste space.

If I say that I like the film far



Aileen Quinn as Annie with Albert Finney as Daddy Warbucks.

better than the show, I must concede that the show is the sort that almost brought me out in hives. Except for the spectacle of seeing a dog follow cues before a live audience, and except for David Mitchell's stunning Tony Award-winning sets, everything about the film is an improvement over the original.

There is, first of all, the Annie of Aileen Quinn, who has Shirley Temple's dimples and a strutting, hussy self-assurance that Huston balances discreetly in check. Quinn is a performing doll, out of life but out of the long tradition of show business that produced Baby LeRoy, Jackie Cooper and Margaret O'Brien. It's meant as praise to say that Quinn, compared to such contemporaries as Gary Coleman and Ricky Schroder, is a sweet, modest Dutch, a mistress of understatement.

Albert Finney, with his head shaved and looking a lot like a classy Telly Savalas, seems to be having a ball as literature's most benign robber baron, Oliver Warbucks, whose very name is autocriticism, that as it turns out, is unwarranted. Finney sings a bit, dances a bit and barks in the Anglo-American accents of the once-poor Liverpool cabin boy who

struck it rich in the States and lost his hair.

"I love money!" he shouts at one point. "I love power! I love capitalism! I don't love children!" This is pronounced immediately before he admits to being captivated by the plucky little orphan.

Also most entertaining is Carol Burnett as the evil, sex-starved, drink-sodden Miss Hannigan, the wayward warden of the Hudson Street Home for Girls, the orphan asylum from which Daddy Warbucks saves Annie. Burnett, curlier permanently snarled in her hair, a bottle of gin always in one hand and ever-ready with a sarcastic quip about her charges ("Why any kid would want to be an orphan is beyond me"), tears into her role as if there were no "Tomorrow," which is all to the good. "Annie," after all, is based on a comic strip, out on a play by End Bagnold. This is not an occasion for subtleties.

However, it's also not a movie that is as satisfying as it could have been, considering the care taken on the casting and physical production. The major hitch is the score. The music by Charles Strouse and the lyrics by Martin Charnin never deliver the epiphanies

ther anticlimactic or plain dull, though, in the film, the ubiquitous "Tomorrow" seems less less and grating than in the show.

Here is a musical whose show-stoppers seldom stop the show. A typical example is "Easy Street," in which Miss Hannigan, her ex-con brother Rooster (Tim Curry) and Rooster's light-fingered mistress Lily (Bernadette Peters) enthusiastically imagine the lives they'll lead after they've swindled Daddy Warbucks out of \$50,000. Never do the music, the lyrics and the choreography achieve the hilarious abandon promised by the situation.

Asset Unused

This is even more apparent when Annie moves uptown to Daddy's Fifth Avenue mansion and Armand, who plays Grace Farrell, is introduced. Reeking is not only a beauty and a comedienne, she's one of the great dancing assets of the musical theater, though it would be difficult to tell from the material she's given by Joe Layton, who created the musical sequences, and Arlene Phillips, who choreographed them. She seems always to be on the verge of busting loose — lifting those long legs skyward to kick out the lights — but the opportunity never arrives.

She is largely wasted, as are Curry, Peters and Geoffrey Holder, who plays Punjab.

The film's best, all-out production number comes early in the film, at the orphanage, when Annie, her very funny, pint-sized friend Molly (Toni Ann Gossoli), and a small, unidentified person who does running flips, plus all the other orphans explode in the frenzy of "It's a Hard-Knock Life." Quite tolerable, too, is the film's sentimental centerpiece when Annie, at the White House, leads Franklin and Eleanor Roosevelt (Edward Herrmann and Lois DeBanzie) and Daddy in a reprise of "Tomorrow," which becomes something of a New Deal anthem.

The film musical is not the form Huston is most at home in, but he must be credited for having obtained such high-spirited performances from Finney and Burnett and such a canny winning one from Quinn.

"Annie" is far from a great film, but the Music Hall in the good old days, it is immaculately maintained and almost knocks itself out trying to give the audience its money's worth. They don't build movies like this anymore.

Dow Jones Averages

	High	Low	Open	Close	Change
30 Ind.	1064.1	1064.1	1064.1	1064.1	0.0
Ind. Div.	1064.1	1064.1	1064.1	1064.1	0.0
Transp.	1064.1	1064.1	1064.1	1064.1	0.0
Utilities	1064.1	1064.1	1064.1	1064.1	0.0
Chemicals	1064.1	1064.1	1064.1	1064.1	0.0
Pharmaceuticals	1064.1	1064.1	1064.1	1064.1	0.0
Food	1064.1	1064.1	1064.1	1064.1	0.0
Textiles	1064.1	1064.1	1064.1	1064.1	0.0
Metals	1064.1	1064.1	1064.1	1064.1	0.0
Oil	1064.1	1064.1	1064.1	1064.1	0.0
Automotive	1064.1	1064.1	1064.1	1064.1	0.0
Electronics	1064.1	1064.1	1064.1	1064.1	0.0
Telecommunications	1064.1	1064.1	1064.1	1064.1	0.0
Real Estate	1064.1	1064.1	1064.1	1064.1	0.0
Health Care	1064.1	1064.1	1064.1	1064.1	0.0
Media	1064.1	1064.1	1064.1	1064.1	0.0
Energy	1064.1	1064.1	1064.1	1064.1	0.0
Technology	1064.1	1064.1	1064.1	1064.1	0.0
Biotechnology	1064.1	1064.1	1064.1	1064.1	0.0
Environmental	1064.1	1064.1	1064.1	1064.1	0.0
Defense	1064.1	1064.1	1064.1	1064.1	0.0
Space	1064.1	1064.1	1064.1	1064.1	0.0
Other	1064.1	1064.1	1064.1	1064.1	0.0

Market Summary, June 8

	High	Low	Open	Close	Change
NYSE	1064.1	1064.1	1064.1	1064.1	0.0
AMEX	1064.1	1064.1	1064.1	1064.1	0.0
Volume	1064.1	1064.1	1064.1	1064.1	0.0
Adv.	1064.1	1064.1	1064.1	1064.1	0.0
Decl.	1064.1	1064.1	1064.1	1064.1	0.0
Vol. Up	1064.1	1064.1	1064.1	1064.1	0.0
Vol. Down	1064.1	1064.1	1064.1	1064.1	0.0
Vol. Even	1064.1	1064.1	1064.1	1064.1	0.0
Total	1064.1	1064.1	1064.1	1064.1	0.0
New High	1064.1	1064.1	1064.1	1064.1	0.0
New Low	1064.1	1064.1	1064.1	1064.1	0.0

Standard & Poor's Index

	High	Low	Open	Close	Change
Composite	1064.1	1064.1	1064.1	1064.1	0.0
Industrials	1064.1	1064.1	1064.1	1064.1	0.0
Utilities	1064.1	1064.1	1064.1	1064.1	0.0
Pharmaceuticals	1064.1	1064.1	1064.1	1064.1	0.0
Food	1064.1	1064.1	1064.1	1064.1	0.0
Textiles	1064.1	1064.1	1064.1	1064.1	0.0
Metals	1064.1	1064.1	1064.1	1064.1	0.0
Oil	1064.1	1064.1	1064.1	1064.1	0.0
Automotive	1064.1	1064.1	1064.1	1064.1	0.0
Electronics	1064.1	1064.1	1064.1	1064.1	0.0
Telecommunications	1064.1	1064.1	1064.1	1064.1	0.0
Real Estate	1064.1	1064.1	1064.1	1064.1	0.0
Health Care	1064.1	1064.1	1064.1	1064.1	0.0
Media	1064.1	1064.1	1064.1	1064.1	0.0
Energy	1064.1	1064.1	1064.1	1064.1	0.0
Technology	1064.1	1064.1	1064.1	1064.1	0.0
Biotechnology	1064.1	1064.1	1064.1	1064.1	0.0
Environmental	1064.1	1064.1	1064.1	1064.1	0.0
Defense	1064.1	1064.1	1064.1	1064.1	0.0
Space	1064.1	1064.1	1064.1	1064.1	0.0
Other	1064.1	1064.1	1064.1	1064.1	0.0

Odd-Lot Trading in N.Y.

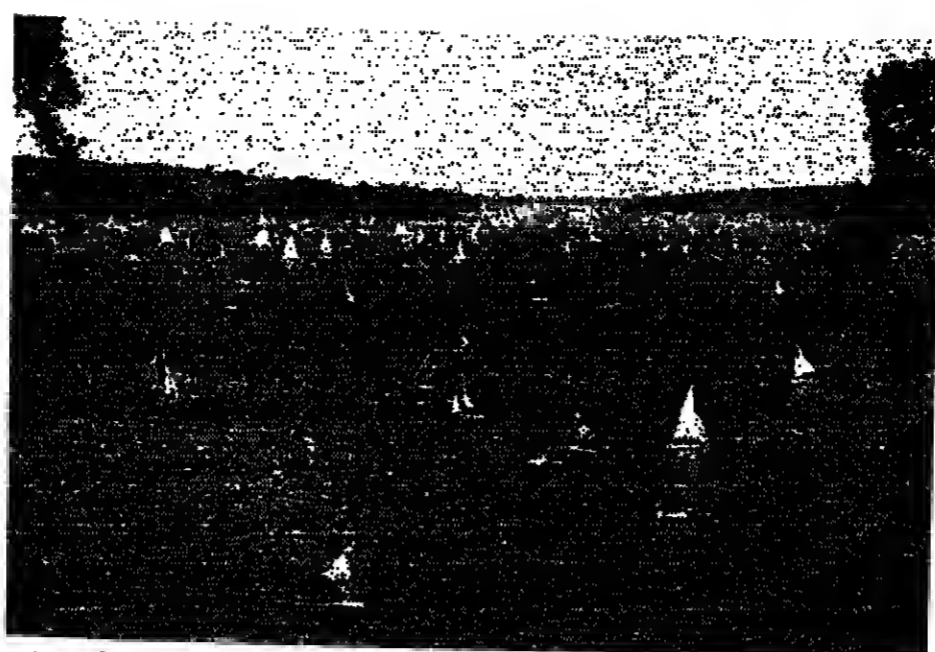
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June 2	1064.1	1064.1	1064.1
June 3	1064.1	1064.1	1064.1
June 4	1064.1	1064.1	1064.1
June 5	1064.1	1064.1	1064.1
June 6	1064.1	1064.1	1064.1
June 7	1064.1	1064.1	1064.1
June 8	1064.1	1064.1	1064.1
June 9	1064.1	1064.1	1064.1
June 10	1064.1	1064.1	1064.1
June 11	1064.1	1064.1	1064.1
June 12	1064.1	1064.1	1064.1
June 13	1064.1	1064.1	1064.1
June 14	1064.1	1064.1	1064.1
June 15	1064.1	1064.1	1064.1
June 16	1064.1	1064.1	1064.1
June 17	1064.1	1064.1	1064.1
June 18	1064.1	1064.1	1064.1
June 19	1064.1	1064.1	1064.1
June 20	1064.1	1064.1	1064.1
June 21	1064.1	1064.1	1064.1
June 22	1064.1	1064.1	1064.1
June 23	1064.1	1064.1	1064.1
June 24	1064.1	1064.1	1064.1
June 25	1064.1	1064.1	1064.1
June 26	1064.1	1064.1	1064.1
June 27	1064.1	1064.1	1064.1
June 28	1064.1	1064.1	1064.1
June 29	1064.1	1064.1	1064.1
June 30	1064.1	1064.1	1064.1

Dow Jones Bond Averages

	High	Low	Open	Close	Change
High	1064.1	1064.1	1064.1	1064.1	0.0
Low	1064.1	1064.1	1064.1	1064.1	0.0
Open	1064.1	1064.1	1064.1	1064.1	0.0
Close	1064.1	1064.1	1064.1	1064.1	0.0
Change	1064.1	1064.1	1064.1	1064.1	0.0

Market Summary, June 8

Market Diaries		AMEX Stock Index		
NYSE	AMEX	High	Low	Close
1064.1	1064.1	1064.1	1064.1	1064.1
1064.1	1064.1	1064.1	1064.1	1064.1
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BUSY BERLIN — Left, a street vendor at work on the Kurfürstendamm; center, sailboats on the Havel River; right, young workers in apprenticeship program in electronics shop at Siemens AG.

WEST BERLIN

Herald Tribune
Published by The New York Times and The Washington Post
JUNE, 1982



INVESTMENT

Strong Pitch to the International Companies

RECENTLY, the Ford Motor Company took out full-page advertisements in several West Berlin daily newspapers to announce that a new plant, which makes plastic components for cars, in the city's outlying Zehlendorf district, was now fully operational. "Exactly 56 years to the day that a Ford car — one of the legendary T-Models — was first assembled in Berlin," it proclaimed.

Ford was not only back in West Berlin but, through creating 700 "modern work places," was simultaneously helping to secure the city's future, the advertisement claimed, and quoted Robert A. Lutz, the chairman of Ford Cologne, as saying: "Business and industry must also play a role in helping to preserve freedom."

The American company moved fast after the decision to invest 130 million Deutsche marks in a plant in West Berlin in January, 1980, when the foundation stone was laid. The Ford venture demon-

strates that an increasing number of international companies are willing to ignore historical fears about the political risk attached to investing in Berlin.

One of the main reasons behind this encouraging trend dates back to the 1972-implemented Four Power Agreement on Berlin, which took the wartime victors — Britain, France, the United States and Russia — a marathon 20 months to draw up, but which since has worked remarkably well in defusing the tension that was once a part of everyday life.

Corporation Created

There is another, perhaps even more significant reason why not only big firms, but also a rash of medium and small-sized companies, have seized the opportunity to set up shop in West Berlin in recent years. In 1978, the West Berlin city government decided to create the Berlin Economic Devel-

opment Corporation, and named Robert Layton as its chief.

The aim of this piece of city enterprise was that Mr. Layton, a former Ford executive, and his team of economic experts, would provide free, confidential advice to anyone interested in an investment project in the divided city. More to the point, its staff was prepared to help guide businessmen through all phases of an investment project, from the cutting of red tape dealing with government officials to the finding of qualified personnel, buildings, business partners and know-how.

There was nothing particularly unusual about this, especially for a city eager to entice investors. The difference, though, was that Mr. Layton really could proffer some good deals to big and small companies alike. They are what in dry terms are called the Berlin "incentives" or "preferences," and when one looks at the list of them more closely, they certainly seem generous, if not astonishing, in these days of tight purse-strings and gloomy talk of recession. They amount, among other things, to a whole series of tax-exempt investment subsidies and an extraordinary variety of turnover tax advantages, as well as low-interest financing and land leases.

Incentives to the Fore

The Berlin Economic Development Corporation, under Mr. Layton's buoyant leadership, has not been slow in bringing these incentives to the attention of international corporations and other companies, particularly those interest-

ed in operating and supplying the Common Market. Last year, the largest single subsidy to West Berlin, amounting to well over 1 billion marks, was the reduction in the 12-percent value added tax from between 4.5 percent to 10 percent of the price of a product being sent to West Germany. The reduction depends on the value added to the product in Berlin and, before a 1976 ruling that at least 10 percent of the product's value must be made in Berlin, there were some abuses.

Now, after discussions between Bonn and Berlin, an amendment is to be made which the city feels will be more equitable, though this will not involve any sweeping changes to the system.

Income and corporate tax reductions form the second most important incentive to invest in West Berlin. The lower corporate tax — 22.5 percent less than in West Germany — applies even if dividends are paid, and an additional advantage is the markedly lower income tax paid by Berlin employees. If statistics are to be believed, West Berliners enjoy 8 percent more income than their counterparts in West Germany when they earn up to 30,000 marks — and most do. So it is hardly surprising that you see some of Germany's most expensive cars in the Grunewald and Dahlem garages of the better-income bracket.

Last year, Berlin's investment subsidy of around 400 million marks reflected the importance the city is placing on business investment. The city will buy a company (Continued on Page 10S)

FAIR GAME

Conventions Play Increasingly Large Role in Economy

By Mark Caldwell

HALF-REMEMBERED around the world as the beleaguered city, and still surrounded by the hundred-mile stretch of Communist architecture known as "The Wall," West Berlin has in recent years been successfully redoubing its efforts to replace cold wars with congresses and conventions.

Foreign delegates attending a conference or major trade fair here not only add to the city's international flavor but spend four times as much money in the city, on an average, as tourists seeking a dose of culture, night life or a quick glance at the barbed wire and tank traps.

West Berlin is anxiously wooing the international business community. It is a city that depends, to a certain extent, on generous government subsidies and must be seen to flourish, so every expense-account penguin is welcome.

On April 2, 1979, Walter Scheel, then the president of West Germany, was among the 5,000 guests at the opening of the city's new International Congress Center, where Herbert von Karajan and the Berlin Philharmonic Orchestra gave a celebratory concert.

Germanically functional rather than beautiful, this vast, futuristic, metal-covered building has since propelled West Berlin into sixth place among the world's leading convention cities. But the price has been high, with the cost of the building escalating to 945 million Deutsche marks. In a city like West Berlin, which has a chronic housing shortage, some have doubted the wisdom of spending so much on what, in some quarters, is seen as nothing more than a glossy status symbol.

Costs and Expenditures

When the building opened, just over three years ago, construction work was still in progress. But as the ICC's general manager, Peter Haupt, explains, it was essential to open on time. "Once you postpone the opening day for a year, you can be sure that the same thing will happen again one or two years later," he said.

A building of this size (the two main-halls can

seat 8,000 people) requires a certain amount of time to be broken in," Mr. Haupt said. Conference delegates have to be wined, fed and kept hot or cold. Yet by studying personnel and energy requirements, the management has cut the running costs for 1981 by 4 million DM. Part of this saving came from turning off some lights, which had remained on continually for months after the building was opened. There was a good reason why they had been left on — they had been installed without switch-

es. During 1980, the first full year in operation, operation costs for the International Congress Center amounted to 35 million marks, and the income was 9 million marks, the difference being paid by the West German taxpayer, Mr. Haupt believes. It will be possible to increase income, perhaps to 10 million marks, and cut costs to 28 million marks.

"But we will always require a yearly government subsidy of between 18 to 20 million marks," he said. "This is not that much, though, when you remember the economic value of the International Congress Center for the city." He was referring to the increase in turn-

over enjoyed by West Berlin's department stores, boutiques and restaurants following an influx of congress delegates. About 100 million marks more is being spent in the city each year than before the International Congress Center went into operation.

Nearby Attractions

Situated next to the International Congress Center are the Berlin Exhibition grounds, the location for major trade fairs such as the Green Week, the Radio and Television Exhibition and the International Tourism Exchange. These are not merely trade events. The locals flock to them by the thousands. The Green Week offers the opportunity to sample culinary specialties and alcoholic beverages from all over the world. It is held during the winter at a respectable distance from Christmas.

(Continued on Page 9S)

THE ECONOMY

Optimism Despite Serious Problems

By Clive Freeman

WEST Berlin, the Western metropolis deep inside East Germany, is experiencing high unemployment and an erosion of industrial jobs.

The sharp rise in unemployment among young people has caused particular concern, and the city's governing mayor, Richard von Weizsäcker, says that the fight against it will be a chief priority of his government in the months ahead.

For more than a decade, West Berlin has had remarkably high levels of employment, so the upward trend in the number of jobless earlier this year — it has now dipped slightly to just below 70,000, or 8.5 percent of the city's work force — is a disturbing situation that nobody is seeking to minimize.

Günter Wiltschko, the deputy business manager of West Berlin's Chamber of Industry and Trade, explained that, while unemployment is running at a marginally higher level than in West Germany, several of the federal states have much worse figures.

No Consolation

"Naturally, this is no consolation for us," he said, "because unemployment in an area like ours, which has geographical limitations, is probably more difficult and serious than elsewhere. People cannot move out into other areas in the same way that they do in West Germany. If you lose your job in Frankfurt, there is always a chance you can pick up employment 60 or 80 kilometers away. This, the West Berliners cannot do."

To combat the problem, the West Berlin government has begun a four-year, 165-million-DM program to create 4,000 apprenticeships, bringing the overall number to more than 37,000 by 1986, double that of a decade ago. As an incentive to firms to create still more training jobs, the city will pay cash premiums of 5,000 DM.

On a broader front, the city is speeding up public works in the building and construction sector. Work is in progress on a new autobahn to Hamburg that will cut the traveling time between the two cities to a few hours. A power plant is also to be built, the ninth in the city.

Another encouraging sign has been the reopening of the Teltow Canal. This waterway, once connecting the Oder and Elbe rivers, was for years blocked off by East Germany, but it is operational again and has been broadened and

deepened, enabling barges to save time moving freight in and out of West Berlin.

"It's very important, especially for industry located in the southern part of the city," Mr. Wiltschko said. "Previously, barges would arrive up in the north, then pass through into East Berlin and out again in the south of West Berlin. It was a tortuous, time-consuming route. Now they save a couple of days."

Freight Mix

Last year, more than 21 percent of freight carried between the city and West Germany was transported by barge, against 14.4 percent by train and 64.2 percent by truck.

Transit traffic through East Germany no longer poses problems because of the 1972 four-power Berlin agreement. All West Berlin-bound trucks, ships and railway wagons are sealed and pass through East Germany smoothly and without the time-consuming controls of the Cold War days.

Trade and industry in West Berlin are so closely interwoven into the economy of West Germany that, when an economic recession occurs, West Berlin automatically feels the shock waves. Nevertheless, last year, the effects of the recession were not felt as strongly in Berlin as in West Germany.

This was mainly due to the city's diverse industrial structure and to the fact that it is not heavily dependent on any one line of business, such as steel, shipbuilding or textiles. In fact, Berlin's industries range from electrical and mechanical engineering to food processing, turbines, pacemakers, telephones and photocopyers, to name just a few.

Robert Layton, West Berlin's commissioner for economic development, illustrates the strength of the city's industrial base by pointing out that its gross domestic product is twice the size of that of



Richard von Weizsäcker

last year. Productivity in Berlin — that is, output per man employed — continues to be higher than in the Federal Republic and another positive sign is that the city's elderly population structure — for long a real problem factor — is slowly balancing itself. [More than 520,000 West Berliners are over 60.] By 1990 we will have a similar age structure to that of Duesseldorf, so there are a lot of plus factors coming up."

The city government is striving to turn Berlin into a second concentrated area in the electronics industry. Plans are proceeding to develop a special infrastructure tied to the city's huge Technical University.

"Berlin," Mr. Layton explained, "has 75,000 students and some 200 research and development institutes employing over 25,000, most of them financed in one form or another by the federal government. Bearing in mind that Berlin has traditionally been an electronics city for many years, with companies like Siemens and AEG employing 40,000 between them, we feel there is ground for still further concentration, innovation and expansion. At the Technical University, three new professorial chairs have been created in the electronics field because people now realize that this is the way to help prepare for the future."

Growing Role

The university's increasingly important role was underlined recently when Prof. Karl Thome-Kozmieski, the head of its Institute for Environmental Protection, organized the Third World Recycling Congress in Berlin, attended by hundreds of experts from around the world.

The professor announced at the congress that a new faculty had been opened at the institute dealing with the problems of recycling and solid waste management. (Continued on Page 10S)

On the occasion of President Reagan's visit to Berlin, June 11th, 1982

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Our sympathies are with you, Mr. President, and with the great peoples of the United States. We appreciate that by electing the man Ronald Reagan the American people have demonstrated that they are willing to once more accept their historic role as leaders of the Free World.

We have not forgotten the American generosity in the dire years after World War II. We thankfully remember the Marshall-Plan and the Berlin Airlift.

We are proud to have become partners of America in an Atlantic Defense Community which has kept the peace in Europe for more than a third of a century. We know well that only in close alliance with your nation can we and all your other European allies preserve our liberty and freedom: United we stand, divided we fall.

Good luck to you, Mr. President. May God bless you and your nation.

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A TURNING POINT

Victory of Christian Democrats Produces a Variety of Changes

TWELVE months ago, the victory of the Christian Democrats (CDU) in the West Berlin parliamentary elections marked a turning point in the city's postwar political history.

For 35 years, the Berlin Socialist Party (SPD), the once proud party of Ernst Reuter, Kurt Schumacher and Willy Brandt, had dominated the city's political landscape. Then it was unceremoniously booted into the wilderness by an angry, disaffected electorate. Richard von Weizsäcker became Berlin's new governing mayor, the first to head a CDU administration.

It was no easy task, for although the conservatives achieved their best-ever result, winning 48 percent of the votes cast, they were still two short of an absolute majority, and depended on a handful of "rebel" Free Democrat (FDP) deputies for survival.

Some observers predicted that Dr. Weizsäcker's reign as governing mayor would be short-lived, that his government would topple within nine months. Instead, the veteran CDU politician has consolidated his position, quietly but resolutely.

Married, with four grown children, the Stuttgart-born Mr. Weizsäcker is a prominent evangelical churchman who, at first glance, one might think would hardly be at home in politics.

Difficult Times

He could hardly have found a more awkward moment to take charge. The city was wracked internally because of a housing

problem, which had resulted in more than 180 tenement apartment blocks and run-down factory buildings being occupied by squatters.

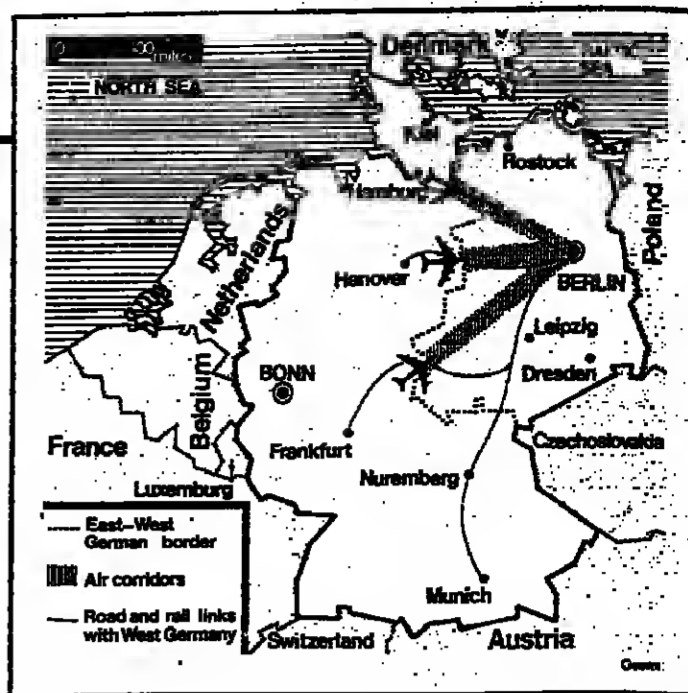
Violence had become a fairly regular feature on the weekends, as the squatters and their sympathizers let loose their frustrations on the police. Shopkeepers were up in arms at the damage being caused to their premises. The Kurfürstendamm, the city's elite and cheerful main boulevard, was a frequent target for rock-throwing youngsters.

Earlier, Dietrich Stobbe's government had collapsed in the wake of a financial scandal triggered by a city architect who had over-extended himself in Middle East building projects. In a bid to rescue the SPD's dwindling fortunes, Chancellor Helmut Schmidt dispatched Hans-Jochen Vogel, the justice minister, to Berlin.

Tough on Occasion

But the move came too late. Mr. Vogel lasted only four months as governing mayor. Since Mr. Weizsäcker has moved into at city hall, in John F. Kennedy Square, passions have cooled. There have been fewer demonstrations and he has acted to stop the unlawful seizure of city properties.

Mr. Weizsäcker, 62, has been tough on occasion. Shortly after taking office, the city's controversial interior chief, Heinrich Lummer, sent police to clear six apartment blocks taken over by squatters, and the action produced ugly scenes. A young masked teen-



ager was knocked down and killed by a city bus, and within minutes hundreds of demonstrators were on the streets. Mr. Lummer, turning up in one of the cleared buildings to speak with newsmen, made matters worse.

It was thought that the governing mayor might dismiss his interior minister, but in Parliament he was swift to defend him.

Mr. Lummer, who is Mr. Weizsäcker's deputy, has introduced new regulations aimed at curbing the burgeoning immigrant community in Berlin—now 250,000 strong—and this has made him unpopular with church leaders, social workers and the city's "guest" workers, most of whom are Turkish.

He is also a prime target for the squatters, who have daubed city walls with "Lummer—fascist pig," and other unflattering comments. But the interior chief knows his measures have the broad support of most Berliners, so he is unlikely to back-pedal now.

Mr. Weizsäcker's understanding of national topics and sensitive Berlin status issues has made his

voice heard in Bonn. He has been aided by Norbert Blum, his attorney, a federal senator, who has good links to Chancellor Schmidt's ruling coalition and the various ministries.

Such liaison is vital if things are to function smoothly in isolated Berlin, which depends on Bonn for a huge subsidy every year to balance its budget.

With expectations running high, Mr. Weizsäcker's ministerial team, mostly composed of imported CDU talent from West Germany, must soon begin to deal with a number of complex questions tied to energy, housing and manpower.

Although only one member in the cabinet, Education Senator Hanna-Renate Laurien, has had previous ministerial experience at the state level (in Rhineland-Pfalz), things seem to be under control.

Earlier this year, Mr. Weizsäcker was received at the White House by President Reagan. He also visited the Elysee Palace and 10 Downing Street.

—CLIVE FREEMAN

INTERVIEW

Mayor Sees Progress After a Year in Office

GOVERNING Mayor Richard von Weizsäcker commented on a number of topics in an interview with Clive Freeman. Following are excerpts from the interview.

Question: When you first took office a year ago, you spoke of the need to win the trust of the West Berlin population. How successful have you been?

Answer: I believe that in this first year of office the acceptance of the policy of the new government by the Berlin population has increased. Not terribly much, but it has increased.

Q: In seeking to heal some of the divisions within the city, have you been hampered by having a minority government?

A: The expression of minority government is both correct and misleading. This Berlin government has been voted into office not by minority but by the majority of the members of our parliament. And all their major decisions have been accepted by a majority. We are not in a coalition but in a situation, which is slightly stronger. We need in many instances, but not in all, the kind of agreement which a coalition needs. But the lead is more clearly in the hand of one party than it would be in the case of a coalition. I don't really need a coalition. My experience after one year is that everything is going very well.

Q: In your government policy declaration, upon taking office, you talked of the problems the city was facing due to a declining German population and an increasing immigrant community. What kind of problems were you thinking of?

A: I think, to speak in the first place of the German part of the population, that the number is not steadily going down. We have a considerable stream of young people coming into Berlin: young Germans arriving here. The city is attractive to young people. Not all of them are very keen to leave politically, and some have rather special or what they like to call "alternative" ideas. The city is magnetic for young people and in itself this is something very precious.

As to the foreigners, we have at present, approximately 250,000 out of the almost 2 million citizens of West Berlin. Of these 250,000, there are almost 130,000 Turks. They are very welcome but in case their number should steadily increase, it would make the task of growing together more and more difficult, so much so that ultimately we would fail in the task of integration. So our main purpose, and I say that also for the sake of the Turks who are here, that our priority must be to limit the steady inflow of new foreigners. In our first 12 months, we have been very active in this sphere, and to a certain extent successful. But as yet, not successful enough.

Q: You have appointed a woman as commissioner responsible for foreigners' problems. Has that appointment shown results?

A: Well, it was high time to have a special appointee for this task. It is by no means a fulfilled task. It is a very long-term project, and it will last much longer than my four-year term. In any case, after a year, it is fair to say that it was absolutely essential, and high time to have someone.

Q: Some members of the foreign community in West Berlin have become anxious over certain measures taken by your government. What have you to say about that?

A: Yes, it is correct to say that our endeavor to limit the increase in foreigners has created a false impression among some of the foreigners who live here. This is not their fault. It is more our fault. A wrong impression was given. What we wanted to do was make the task of integrating them into the Berlin

population easier. And we don't want to have the foreigners out who live here. We don't want, on the other hand, to increase the number. So it is important in connection with the measures taken that the general atmosphere improves and is not allowed to deteriorate as a result of new anxieties.

Q: In the United States, and not only there, there was a feeling that Chancellor Schmidt was slow in reacting to the harsh measures taken in Poland last winter. West Berlin is rather nearer to the Polish border than Bonn is. What is your attitude toward the Polish crisis?

A: We, as Germans, have a special relationship with events in Poland. The Polish border is only 80 kilometers away from Berlin, and we have a great number of refugees from Poland. We also have a long and sometimes sad history with the Poles. The meaning of essential parts of the "Ostpolitik" of

the Western alliances was to increase the freedom of movement and expression of the Polish people, including the right to organize trade unions and so on. That was one of the aims of the Helsinki Conference.

If in connection with that, Polish people have tried to acquire some of those freedoms, it is absolutely essential to us in the West—in the free part of this continent—to follow the events in Poland as closely as we can, and to do everything in our power to help the Polish people and never stop demanding the restoration of human rights and preconditions for human dignity.

Now, as the most effective way of reaching those goals, of course, there can be differences of opinion. I don't think it is a question of being slower or quicker to react. It is simply the question of an assess-

ment as to the best way. And I think the Berliners have always been very eager and active to contribute what they can ever since the declaration of martial law.

Q: What do you see as your main tasks in the coming months?

A: The two main tasks on the domestic front are, first, full employment, or rather the fight against unemployment, and, second, the task of integrating the foreigners. All the other important long-range problems, such as housing, education and so on have to do with those questions. Apart from that, I shall always keep a watchful eye on the outward situation of Berlin, and contribute to the general discussion and assessment in Germany, and also in the capitals of our allies, as to East-West relations in general, and the inner-German relations in particular. This is a very important task.

THE ARTS

A Wealth of Activities Available

ON THE TOP floor of a huge red-brick factory building in the old industrial heart of Berlin, 65 foreign artists and sculptors are enjoying an ego exercise, showing off their best works in unusual surroundings.

From the fourth-floor windows, the view is enough to please any would-be artist. On one side, the evening sun casts shadows on working-class rooftops and house walls. On the other, the Berlin wall coldly zigzags its way past, while opposite the factory entrance, aloof and somewhat forbidding, is a narrow-fronted city church, with a commanding steeple.

The hulking, formerly AEG-owned building in Ackersstrasse, in the city's Wedding district, has been taken over by the Technical University for research purposes but, on this occasion, was put at the disposal of the artists for their exhibition. It is a typical Berlin occasion, as the Kunsttage—that annual series of art shows, open-air exhibitions and discussion groups—are in full swing.

In one hall, a visitor places his foot on a spot designated for just that purpose and sets an automatic film-playing machine in motion. In the brainchild of Martin Riches, an English artist-inventor.

Joe Lonas, one of the American "veterans" on the Berlin art scene, chats with a couple of people admiring his plastic-and-metal sculptures: strange, provoking jigsaw shapes stacked together. Joe, laconic and dry-witted, arrived in Berlin in 1953, liked the place and has remained.

Foreign Artists

More than 200 foreign artists have gravitated to West Berlin in the last 15 years, not because the city is a pulsating international center (it is not quite that) where art movements are born, as in the 1920s, but rather because it has become an ideal place in which to work and experiment, away from the everyday distraction of larger cities such as Paris, London or New York.

"You know, West Berlin is a kind of end station before you come to the East," said Martin Engelmann, a Dutch-born artist. "Unlike New York or Paris, you don't get a stream of people continuously passing through, and so perhaps because of this you are able to discover yourself more clearly, recognize your strengths and weaknesses, and concentrate on improving your work."

Mr. Engelmann first came to West Berlin in 1969 after living in Paris for 20 years. He was invited by the German Academic Exchange Organization to stay for a year on the strength of his ab-

stract, French-influenced painting. At first, he had an ambivalent relationship to Germany, but his affection for the city has grown. Now, he is a professor at the city's art academy.

New Thinking

A lot of new thinking is going on in West Berlin as to the best way the city should present and, in a sense, better "sell" its cultural institutions. Prof. Wilhelm Kewenig, the city senator responsible for cultural and scientific affairs government, is initiating a policy that will undoubtedly change the accent, culturally speaking, in the coming years.

"I would like to do even more than my predecessors did to ensure that our top cultural institutions maintain or perhaps even improve on their present high standards. With money somewhat short at the moment, that will not be an easy task. But my argument is, if you want to keep Berlin on the international scene, then these institutions have to be kept in good shape," he said.

Sen. Kewenig also wants to stress the "export" side of the city's cultural life. "If you look at the events of the last few years, there was a lot of imported culture to the city. A multitude of artists, musicians, theater groups and so on were invited here. That will continue, of course, but with some changes being made," he said.

He believes that a city as proud and as alive as Berlin should try to show this—not only by attracting as many people as possible but also by sending out into the world the best that it has to offer, such as the Deutsche Opera, the Philharmonie, the Schaubühne (the city's most celebrated theater) and those treasures housed in the magnificent Prussian cultural foundation museums.

This will be a costly business. At present, the amount allocated in the city's cultural budget for export purposes is only 1 million Deutsche marks a year. "So I am going to try and change that a little," he said.

With much discussion taking place about the state of West Ger-

man-U.S. relations, Sen. Kewenig thinks that this is one area where a lot could be done. He has sounded out Foreign Minister Hans Dietrich Genscher about his ideas, hoping to raise more cash. "West Berlin," he said, "is more interesting than any other German city, so I don't see why we shouldn't be selling it more strongly abroad, instead of only seeing negative pictures of riots in the newspapers."

Already, there are plans in 1983 for the Deutsche Opera—now in the charge of Goetz Friedrich—to go to San Antonio, Texas, to give several opera productions. Sen. Kewenig is trying for a regular event of this kind, possibly every second year, in Washington or perhaps New York.

The senator also believes that not only should the city's major institutions be maintained and nurtured but that more must be done to promote Berlin's "off-scene" activities.

"We are streets ahead of other West German cities in terms of alternative or off-scene events. It has tradition and often comes from very deep roots," he said. "We want to try to encourage the trend by subsidizing, where we can, certain productions."

There is a vibrant, exciting quality about Berlin's cultural life today. This is a sign, not only in the city but also far beyond, that two men of high administrative and artistic caliber are in charge at the Deutsche Opera and at the city's three municipal dramatic theaters—the Schiller, the Schlosspark and the Experimental Workshop.

Boy Gobert, who came from Hamburg to Berlin to take control of the theaters, has brought new ideas and buoyancy with him. A talented actor, who frequently takes on demanding roles, Mr. Gobert succeeded in giving a "buzz" to the city's theater life again.

At the Deutsche Opera, Mr. Friedrich has accomplished a lot since being appointed general manager and director-producer of the company's production 10 months ago. Opera fans have enjoyed a better program balance with new productions such as Janacek's "Aus Einem Totenhaus" and Alban Berg's "Lulu," drawing a great response from younger fans.

"Opera," Mr. Friedrich said, "has to be a blend of the old and the new, and to be open to all age levels." For the 1982-1983 season, Mr. Friedrich is worried that he may not be able to see through his planned program because of cuts that have been forced on him.

"In 1982, we didn't get the in-

(Continued on Following Page)

CLIVE FREEMAN is a former Daily Telegraph (London) staff correspondent now working in Berlin as a free-lance broadcaster and journalist.

MARK CALDWELL is a free-lance broadcaster and journalist based in Berlin.

WEST BERLIN

COPING WITH TENSION

City Has Adapted Well to Life in the Shadow of the Wall

WEST Berlin, in June, is hard to resist. Its greenness is refreshing. Its parks and squares are ablaze with pansies and geraniums. Along the city's Kurfürstendamm, the elderly and the respectable sit in the open-air cafes soaking up the sun.

Neat, brisk waitresses serve elaborate ice creams and Berliner Weisse (a white beer mixed with a red or green cordial), which the customers sip through a straw. A Porsche with a Darmstadt registration crawls up the tree-lined boulevard, hoping with the optimism of a visitor to find a parking spot, much to the chagrin of the cream-colored Mercedes taxi behind it.

Curbside art and jewelry dealers ply their wares from rickety, temporary tables against a background of noisy music, courtesy of AFN Berlin, only yards from fashionable boutiques and department stores. At the junction with Uhlandstrasse, a harlequin grinder churns out old melodies, with a monkey perched on his shoulder. The traffic lights change and shoppers brave heat and exhaust fumes to cross the road.

Looking at this scene of peaceful urban normality, it is hard to believe that a year ago this elegant avenue in the heart of the city was the scene of frequent outbreaks of violence. Enraged squatters showed their displeasure at city government housing policies by hurling cobblestones at bank and shop windows. Since then, a Christian Democratic Union-led government has succeeded in dampening the unrest. People have shown willingness to give the new administration a chance to solve some of the more pressing inner-city problems, and a measure of trust has been restored.

Reagan Visit

President Reagan is to visit West Berlin for a few hours on Friday. What kind of city will he find? In recent months, Berlin has been a markedly quieter place than the one Secretary of State Alexander M. Haig Jr. encountered last August. Then, more than 30,000 people took to the streets in protest, and a U.S. flag was burned. Police had to battle with masked youngsters to prevent them from bursting through a cordon thrown around the city hall in John F. Kennedy Square.

It was an embarrassing spectacle for officials in a city that has long depended on the United States to look after its freedom. West Berlin's governing mayor, Richard von Weizsäcker, believes that the vast majority of Berliners are anxious to give Mr. Reagan a warm welcome. He also knows that a minority with a potential for violence could set up a protest. So the biggest security operation since the war is being planned to ensure Mr. Reagan's safety.

President Reagan, as a result, will be taken about the city by helicopter to fulfill his engagements. At Charlottenburg Palace, where he is to sign the city's golden visitors' book, security will be particularly tight, for tens of thousands are expected to jam the elegant castle gardens to catch a glimpse of him.

The president cannot help but be impressed by the prosperity and vitality of a city that has managed to overcome the disadvantages that go with being situated 110 miles inside East Germany.

As Mayor Weizsäcker has recently stated, Berlin can never be a completely normal city, cut off as it is from West Germany. In the

strict sense of the word, it remains under occupation, although the three Western allies — Britain, France and the United States — handed over the everyday running of West Berlin's affairs in the city government long ago.

Mr. Reagan will be taking a look at one aspect of the city's abnormality, the Berlin Wall. The Berliners loathe it, but they have had to come to terms with its existence. As an elderly Berlin pensioner put it, "It is an everyday fact of our lives, but we don't talk about it every morning over our Corn Flakes."

The anger caused by the building of the wall in August, 1961, took years to abate. A major breakthrough came when the four wartime victors, after 20 months of exhausting negotiations, signed the Quadrilateral Agreement pertaining to the city in 1972. It was a complex document, but it has worked well so far in reducing tension in both halves of the city. One of its more important provisions was that it allowed West Berliners to pass through city checkpoints to visit relatives and friends in East Berlin and other parts of East Germany for 30 days a year.

Another vital clause in the agreement was that all West Berlin's transit traffic passing through East Germany would no longer be subject to the strict controls and searches of the Cold War years. This is one part of the agreement that has worked remarkably smoothly during the last decade. It has resulted in a tremendous increase in the volume of people heading to West Germany during the weekend in their cars, helping to alleviate the feeling of being shut away in a beleaguered city.

West Berlin, because of the wall, has been cut off from its natural hinterland, and although it has magnificent lakes and parks, people who live here have a great need to leave town occasionally, to enjoy the simple pleasures of country life.

Even football in West Berlin has political overtones. In May, the city's leading professional football team, Hertha BSC, was promoted to the West German 1st Division, the Bundesliga, after defeating Hannover 2-0 before a crowd of 30,000 in the Olympic Stadium.

Mr. Weizsäcker, who went on the field to congratulate the players at the final whistle, found himself besieged by fans, one of whom in his exuberance clouted him on the head.

The governing mayor took it all in good humor for he knew that Hertha's victory would once again underline the ties the city has with West Germany. Every week, at the start of the new season, the club will be playing against top teams from major West German cities such as Hamburg, Stuttgart, Frankfurt and Düsseldorf. As a city official said, "It means a regular interchange of people moving to and from the city. It may only be football, but it helps to make people feel that West Berlin is a part of the Federal Republic."

Under the 1972 pact, it was agreed that the city could promote its economic and cultural ties to West Germany. But this interpretation of the agreement has caused the Russians to have misgivings. The Soviet Union's ambassador to East Germany, Pyotr Abbrassimov, a touchy veteran diplomat, was pulled back to East Berlin for his second term as an envoy there because the Kremlin felt the West was bending the agreement to its

own advantage. Mr. Abbrassimov wasted no time in hammering out the message that West Berlin was not a constituent part of the Federal Republic and is not governed from Bonn.

Sharp Protests

Sharp protests were made when an environmental agency was established in the city with federal aid, and when Bonn politicians flew into West Berlin to hold Bundestag committee sessions at the Reichstag. The Soviet envoy said that the status of the city was violated by such acts.

Although politicians and diplomats agree that West Berlin has derived a lot of benefit from the Berlin Agreement, the sudden strain in relations between the United States and the Soviet Union, caused primarily by the Soviet intervention in Afghanistan and the crisis in Poland, has led to new problems for the city. The East German government 18 months ago drastically increased the amount of money that visitors to the East must exchange at the border.

This has meant that West Berliners — and there are more than 700,000 with relatives in the East — have been forced to pay 25 Deutsche marks for a day's visit to East Berlin. For a family of four, 100 DM has to be paid before entry is permitted. Few families can afford such charges and the result has been a dramatic decline in the numbers passing through the city checkpoints.

Fees Reconsidered

Last December, Chancellor Helmut Schmidt of West Germany met Erich Honecker of East Germany at a hunting lodge in Werbellin, north of East Berlin, in the hopes that the Communists would agree to reconsider the border fees. So far no progress has been made, even though Bonn, at one time, was threatening not to renew the interest-free credit facility enjoyed by East Germany in its trade with West Germany.

The anger caused in the West by the harsh currency regulations only emphasizes what Mr. Weizsäcker stresses, that Berlin is different than any other West European city, a point naïvely overlooked by some city politicians.

When the CDU won the parliamentary elections last year, it pledged that it would take measures to curb the burgeoning immigrant community — at last, count put at 246,000 people, including 130,000 Turks.

Most are crowded into the poorer city districts of Kreuzberg, Wedding and Tiergarten. A tremendous strain has been imposed on the city schools and social welfare systems. In some classes, more than 50 percent of the pupils are the children of Turkish "guest-workers."

As the foreign community has swollen in recent years, the problems of housing and education have multiplied. The rise in unemployment in the last nine months has led to rising resentment against the foreigners. Six months ago, the city government announced the appointment of a commissioner, Barbara John, to deal with problems affecting the immigrant community. At her office in the bustling Potsdamerstrasse, the 44-year-old Mrs. John has a team of workers trying to improve relations with the city's non-Germans.

— CLIVE FREEMAN

FAIR GAME

(Continued from Page 75)

The International Tourism Exchange excites the German's *Reiseleiter*, and even the disinterested layman will glance at the latest communications gadgetry during the Radio and Television Exhibition. Because of the advertising and the persistent media coverage, it is difficult to overlook these events, which are fixed dates on the West Berlin calendar.

West Berlin delights in international attention from the rest of the Western world because of its former status as the most exciting and avant garde capital in pre-war Europe.

Last year, social unrest, taking the form of squatters' riots, tended

to tarnish West Berlin's image abroad. Television coverage of street clashes, city officials say, gave a distorted picture. This and the recession have hurt the hotel trade.

The remedy, Mr. Haupt says, is the Congress Center.

The idea that West Berlin could be an attractive site for international congresses and conventions is not new. The Kongresshalle was built in September, 1957, and was quickly christened the "pregnant oyster" by locals because of its butterfly-wing roof construction.

The building remained in use until May 21, 1980. On that day, at 10:54 a.m., part of the roof collapsed. It sounded like an earth-

quake. A television journalist was killed by rubble crashing down as he entered the building. At first there were fears that a terrorist attack had taken place, but it was later determined that steel cables had become exposed to the elements because of cracks in the concrete roof. The cables had rusted.

In any other city, the building would have subsequently been demolished. But the Kongresshalle, partly funded with American money from the Benjamin Franklin Trust, had become a symbol of German-U.S. friendship. It will be rebuilt in its original form with improved technology.

There has been much deliberation as to what the restored building should be used for, particularly as the AMK, the company responsible for Berlin's trade fairs, has little use for it now that the ICC is operational next door in the city's main exhibition grounds. One suggestion is that the Kongresshalle should be a center for cultural activities.

Has the worsening economic climate affected business at the International Congress Center? Mr. Haupt said that there has been no decrease in the number of events, but that now there are fewer delegates. Previously a company would send seven or eight people; now they send three or four.

Mr. Haupt is optimistic about West Berlin's future as a congress city, even though 1982 is not a good year for large conventions, such as the Jaycees World Congress and the International Bar Association conference, for which the ICC building was primarily designed. "These events tend to occur once every five or seven years, so a lean year every now and again is to be expected," he said.

More than 1 million people have passed through the doors of the International Congress Center since it was opened.

THE ARTS

(Continued From Preceding Page)

crease in budget we needed to cover the costs of inflation and the increased demands of top singers, conductors and directors," he said. "As a result, 17 jobs had to go. This is a bitter blow when I am making a new start here and seeking to preserve standards."

Last year, the company had a 65-million-DM budget, of which 11 million DM is offset through the box office. "We are still discussing the 1983 budget," said Mr. Friedrich, who, with 25 years of experience working in Europe's top opera establishments, is known as a man who provides forceful arguments to get his own way on the financing of productions.

The son of a lawyer who was active in the German resistance during the war, Mr. Friedrich spent 20 years working under Walter Felsenstein at the East Berlin Komische Opera before fleeing to the West in 1972. "It wasn't so much an escape, I just didn't return from a trip to Stockholm," he said.

Of Mr. Felsenstein, who died in 1975, he said: "He was a teacher and in many instances a guiding light. He was a fanatic worker whose life was consumed with the theater. He infected me with the bacillus."

Mr. Friedrich is content working in Berlin. "I love the city — its two parts. I'm accepted here. I understand the mentality of the Berliners and I don't think they have ever looked on me as being a newcomer," he said.

West Berlin is staging six full-scale, top-level festivals in 1982: film, art, theater, the current Third World "horizon" event, which this year is focusing on Latin America; the major Berlin festival weeks in early autumn, and then jazz.

With five symphony orchestras, 20 dramatic theaters, five state palaces and more than 50 state and private museums, plus a wide range of other cultural activities, West Berlin remains a step ahead of most of its European rivals.

SIEMENS

America's largest diesel generator — from Siemens in Berlin

New Jersey, March '82. For the first time ever, a diesel generator developing 30 MVA at 13,800 V and 120 rpm has been installed in the United States.

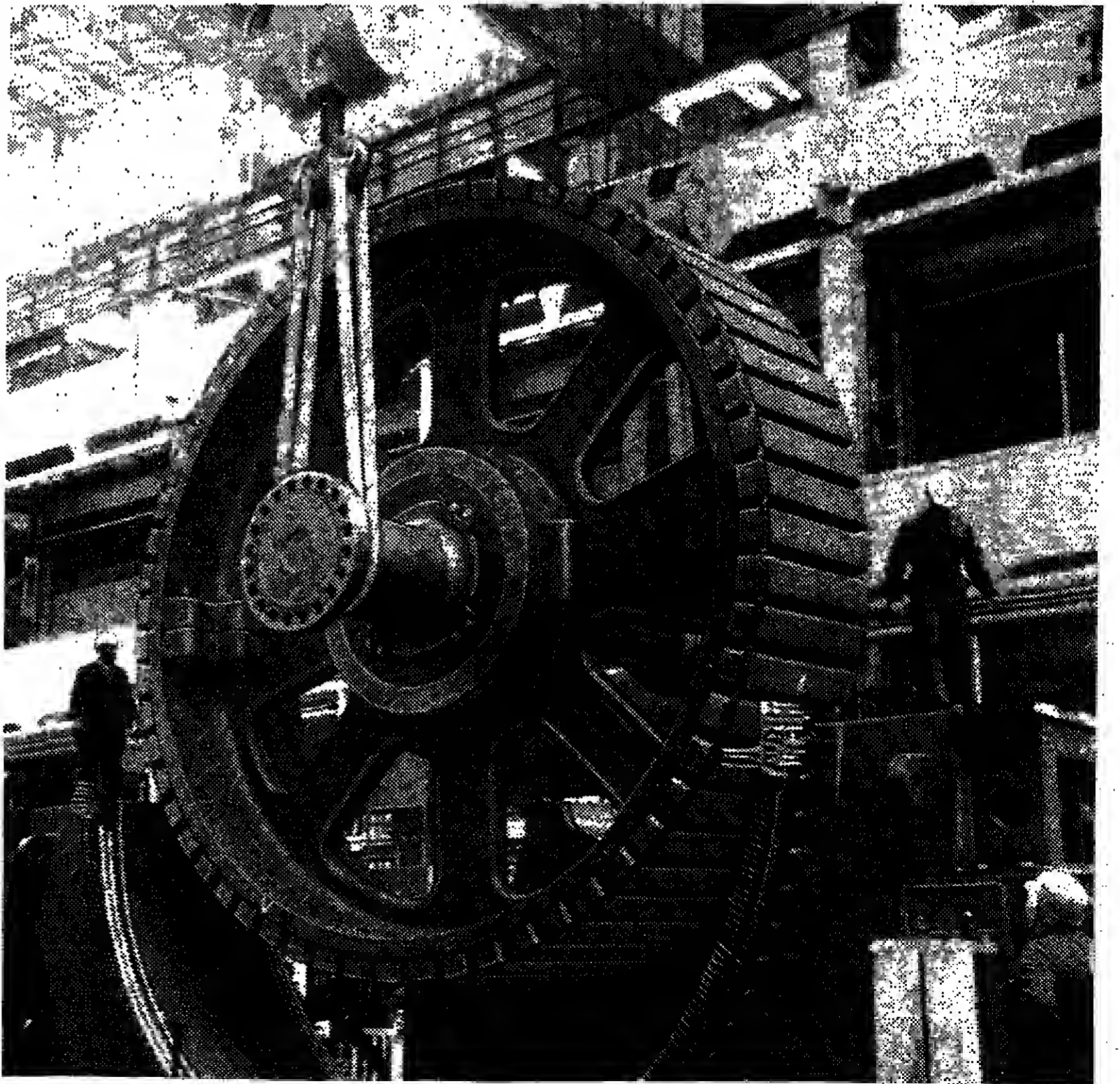
More than 28,000 man-hours were required for the design, production and assembly of this diesel generator, built by Siemens in Berlin for a pharmaceutical plant in Belvidere, New Jersey. Over 8.5 meters high, 11 meters wide and weighing 222 tons, the generator is one of the largest in the world.

This electric generator, driven by a Sulzer diesel engine, also recovers waste heat in the form of steam and hot water from the exhaust gases and

cooling water. The additional utilization of primary energy increases the total efficiency of the system from 40% to about 90%.

The generator is a pilot project supported by a US Federal Government program to promote energy-saving investments in the American economy.

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WEST BERLIN

RESEARCH

City Contributes 11% of West Germany's R & D

IN A CITY often swamped in the past by the tide of world politics, the notion that West Berlin is an important research and development center may seem somewhat surprising. Yet the number of people — 38,000 — studying back the frontiers of knowledge or quietly finding solutions to problems would constitute a small town.

Eleven percent of West Germany's research and development effort takes place in West Berlin, at an estimated cost for 1981 of 1.4 billion DM — unusually high figures, as only 3 percent of the West German population is in West Berlin.

West Berlin scientists and engineers test artificial hearts, run cars on methanol, breed coffee plants, carry out post office trials on fiber optics — the 21st-century substitute for copper wire — use computers to recognize the human voice and investigate how to reduce the psychological burden of going to work every morning.

Research and development work in West Berlin encompasses a baffling array of disciplines, but in the 1980s more and more attention is being paid to a problem of global proportions, the conservation of energy.

In a major policy statement 18 months ago, the then-senator for science and research, Peter Glotz, put energy first on his list of research and development priorities — a move fully endorsed by the present senator, Wilhelm Kewenig.

Among energy-related research, conducted in West Berlin, as men-

tioned at a recent energy specialists' conference, are:

- At the Hahn-Meitner Institute: problems encountered in reprocessing spent nuclear fuel.
- At the Science Center: energy and the consumer.
- At the Technical College: solar panels.
- At the Federal Institute for Materials Testing: reactor safety.

Other projects, among 40 launched by a Berlin Senate energy research program in 1980, include heat pumps, wind power and a revolutionary washing machine that washes effectively with cold water.

Convention

City officials are so determined that West Berlin should play a major role in European research into energy matters that this autumn the city's exhibition grounds will host SOLAR '82, an international convention about the use and conservation of energy.

The Berlin Senate never tires of telling the Berliners how economic growth, full employment and the ability to compete on world markets are all dependent on a constructive use of energy.

Coupled with the drive to encourage a more thoughtful use of natural resources has been a research and development campaign aimed at West Berlin's small and medium-size businesses. Attention is drawn to generous government subsidies that are available and to the wealth of expertise accumulated in the city's 200 research establishments. Through agencies such as TU-transfer and the VDI technology center, the businessman can be helped to overcome knotty

technical problems, enabling him to manufacture a more competitive product, in step with the latest technological advances.

But, according to a spokesman for the federal Ministry of Research and Technology, some medium- and small-size firms experience an "initial aversion" to academic experts. One attempt to dispel this mistrust will be the Technology Forum '82 this October. Those interested in using the latest technologies will be able to meet those who can offer them in the city's International Congress Center and adjoining exhibition grounds.

The worry is that, without the latest technological expertise, many small and medium-size firms will not remain competitive on world markets. Easy-to-assemble products are facing increasing competition from the more advanced Third World countries. To combat this, a speedy transfer of technology is required, from the laboratory bench or test pad to the shop floor.

Microchips

As virtually no branch of industry can escape the onward march of the microchip, the federal government in Bonn at the beginning of the year launched a special research and development aid program on the applications of microelectronics. Administered by the VDI technology center in West Berlin, it is expected to run for three years. The emphasis is on smaller firms, who can apply for grants and profitably exploit the latest in microchips with the minimum of bureaucratic problems.

It has been welcomed by German scientists. Without a powerful source of synchrotron radiation, they feared that they would fall behind their U.S. and Japanese colleagues. Synchrotron radiation occurs when electrons, approaching the speed of light, are forced to change direction by application of a magnetic field. The electrons shed energy in the form of radiation, the spectrum ranging from infrared to X-rays. This radiation is a useful tool for scientists investigating the structure of matter.

But BESSY does not only help physicists chase after elementary particles. It is also of direct benefit to industry. Firms such as AEG, EUROFIL, Philips and Siemens will all use BESSY to develop the latest generation of microelectronic systems.

— MARK CALDWELL

INVESTMENT

(Continued from Page 75)

a factory site for which it then pays 4.5 percent of the purchase price and gets a hereditary lease. It also makes a 12.5-percent reimbursement on building costs, which is transacted within four months of the calendar year in which it is made. A rebate of 25 percent is also received by the investor on the machinery and equipment outlay.

In the case of a research and development project, the tax-exempt investment subsidy is increased to 40 percent on any amount after that.

In the first year, 75 percent may be written off on total investments. Such business advantages led a few years ago, to the Industrie Kredit-Bank investigating just how

rewarding they turned out to be. The bank compared 77 West Berlin manufacturing companies with a similar number in West Germany and discovered that from 1974 to 1977 the West Berlin companies had a return on investment, including write-offs, of 13.6 percent against 10.3 percent for the less cosseted West German firms.

On certain projects, the city will assume the expense and responsibility for clearing and developing a site in preparation for construction. A similar deal holds in respect of administrative charges and development contributions. Such projects are exempt from the real estate transfer tax.

Enterprises may also obtain loans from the European Recovery Program for the purpose of financ-

ing new Berlin facilities. The loan can be up to 40 percent of the investment. These low-interest loans at a 3.5-percent annual fixed interest rate for up to 10 years are made available for investment in building and machinery.

Mr. Layton, the economic development commissioner, after almost five years in the job, continues to extol West Berlin's possibilities for investment. He makes the point that about 8,000 acres of land are available for industrial or commercial development in the city — a vast tract amounting to almost 7 percent of the overall area of West Berlin.

"Together with its heavy investment in infrastructure and in such projects as the International Congress Center, the Berlin govern-

ment envisages an important role for foreign capital," he said, "and particularly welcomes direct investment from the United States."

He underlines the advantages enjoyed by industrial manufacturers in West Berlin — "equivalent to between 8.7 percent and 10.2 percent of turnover" and with machine-gun speed lists the advantages to be obtained. "Income tax is 30 percent, corporation tax 22.5 percent and trade tax about 40 percent lower than in West Germany. On top of that, everyone who works in Berlin is paid a tax-free 8 percent bonus on gross wages or salaries," he said.

In broader terms, Mr. Layton said the advantages investing in West Berlin are twofold. First, because the city's economy is a natu-

THE ECONOMY

(Continued from Page 75)

"Much needs to be done in this important area," he said later. "Every year huge quantities of waste in the EEC-member countries are disposed of when it could be recycled and put to further use."

Since the war, the city has had no serious industrial action or work stoppages — a factor that influenced the Ford Motor Co. when it chose to spend 130 million DM on a new plant there. "Production is running so smoothly that I understand there are plans for a second-phase investment program," Mr. Layton said.

Last year, another foreign company, Tetra-Pak of Sweden, which makes cartons for milk and soft drinks, began production at its new 70-million-DM plant in the city. A further 30-million-DM investment is planned in 1983, by which time the firm will be employing 250 workers.

The company is aiming to produce 2 billion milk and soft-drink cartons every year, primarily for the West German market.

Schering Increase

Schering is another company doing well in Berlin. In May, the firm, whose products sell in about 140 countries, announced a 3.8-billion-DM turnover on its operations in 1981, a 19-percent increase from 1980.

In the first quarter of 1982, the company's trading results continued their impressive surge forward, and a 4-billion-DM turnover, or a 9-percent increase, is forecast for this year.

Schering employs about 21,700 people at its 120 plants and subsidiaries, and last year scored heavily because of the sudden weakness of the Deutsche mark against the dollar. "That helped our exports enormously," a company spokesman said.

Schering's four divisions deal in pharmaceuticals, agrochemicals, industrial chemicals and electroplating, besides the contraceptive

pill. In 1981, its Berlin work force increased by almost 100 to more than 5,800, and there was a 2-percent rise in its staff worldwide.

Besides companies like Siemens, AEG-Telefunken, Schering and Ford, Berlin has a host of other renowned firms supplying the West German, European, Economic Community and overseas markets. These include Osram, Standard Elektrik Lorenz, Borsig, Daimler-Benz, Eternit, Bahlisen, Melitta and Gillette (U.S.), which has its largest factory on the European continent based in Berlin, making the Contour razor.

Cigarette Firms

Among the cigarette manufacturers in the city are firms like British American Tobacco, Philip Morris, Reemtsma and Brinkmann. The Swedish Electrolux company has a thriving Berlin undertaking, producing carpet sweepers. Two other firms, Otis Elevator (U.S.) and Schindler (Swiss), between them, manufacture every third elevator sold on the West German market at their Berlin factories.

In May, IBM laid the foundation stone for a new storage plant, in a further expansion of its Berlin operations. Two other U.S.-owned firms, Kaiser Aluminum and AUER, maintain production in Berlin, with AUER specializing in safety equipment for mines. ITT also has a plant, manufacturing electrical technical equipment.

BMW makes all the motorcycles it sells in the world at its West Berlin factory, and maintains a constant high level of production. Daimler-Benz is similarly blessed. Such firms are traditionally less sensitive to the whims of the automobile market than the larger West German automobile producers.

Last year, the recession particularly struck at small and medium-size firms. "This was reflected in the sharp increase in the number of bankruptcies and insolvencies," Mr. Wilitzki said. "The number of firms that went out of business rose by 30 percent during the year, as also was the case in West Germany."

By the end of 1981, the number of jobs in Berlin stood at 61,000 — a figure not reached since the dark days of the 1950s — and 22,000 more than during the same period in 1980. The number of open vacancies also dropped dramatically, and about 10,300 employees were on part-time work. The trend was registered in a 1-percent decline in the work force.

West Berlin relied on a 9.7-billion-DM subsidy to 1981 from Bonn — more than 51 percent of the city's budget — to balance its accounts. "When people see such figures, they tend to think, 'My God, Berlin is costing a lot of money.' But, in fact, the city earned 8.6 billion Deutsche marks in taxes last year, which meant that 90 percent of the federal aid was covered," Mr. Wilitzki said.

BALANCE SHEET '81 - GROWTH AND SAFETY

In 1981 our total business volume exceeded 10 billion Deutsche Mark for the first time and the total equity amounted to DM 376 million.

Our expansion, which was marked by the development of our Branches in the Federal Republic of Germany and in London, was due to an increase in business with our customers as well as interbank transactions.

Balance Sheet:

(in million DM)	1981	1980
Deposits	6,588	6,233
Due to banks	2,175	1,634
Loans	5,501	5,030
Due from banks	2,817	2,145
Business volume	10,124	9,023

We were able to considerably increase our net interest received and commissions. Since our operating expenses grew less rapidly, our result of ordinary business more than doubled.

After prudent value adjustment and after netting against extraordinary revenues and taxes, our net profit amounted to DM 17.4 million, which permits the payment of a 12% dividend.

Profit and Loss Account:

(in million DM)	1981	1980
Net interest received and commissions	329.4	256.1
Operating expenses	238.3	213.7
Result of ordinary business	91.1	42.4
Net profit	17.4	-

Our consolidated balance sheet includes Berliner Bank International S.A., Luxembourg, as well as our consumer credit group, leasing company and mortgage bank. Group business volume amounted to DM 19.4 billion at year end 1981.

Further detailed information can be obtained from our Head Office in Berlin, our London Branch or our Luxembourg subsidiary.

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Ich bin ein Berliner.



Harry Gray, Chairman and CEO, United Technologies, Hartford, CT.

Harry Gray speaks one important line in German. It's the one that has called Berlin home for United Technologies' Flohr-Otis Division for nearly 30 years. Elevators and escalators are manufactured there and sold throughout Europe and overseas.

Flohr-Otis has more employees in West Germany than any other United Technologies unit. Half of those employees work in Berlin.

Why is Berlin a successful Common Market location for United Technologies, Ford, GTE, Gillette, ITT, IBM, Philip Morris, Warner Lambert and others?

Berlin is high tech. The Technical University graduates over 2,000 each year. And recently added three chairs in micro-electronics.

There are 185 technical and R&D institutes employing 30,000, and such German technological giants as Siemens, Nixdorf, AEG-Telefunken, Mercedes Benz and Schering. In short, a technological climate and infrastructure second to none.

Berlin is quality and reliability. An economically and politically stable city

that hasn't had a major industrial strike in 35 years. 3,000 supplier companies. Unrestricted access.

Berlin is good business.

□ A unique turnover bonus which adds up to 10.3% of sales to the bottom line, annually. Up to 14.2% for software and other service companies.

□ Tax free investment grants averaging 25% of the capital requirements for plant, machinery and equipment.

□ Ten-year, fixed rate loans at 7.5-9.5%.

□ Substantially reduced corporate and personal income tax rates. 75% depreciation in year one, 50-year leases of land at 3% of appraised value p.a., and more.

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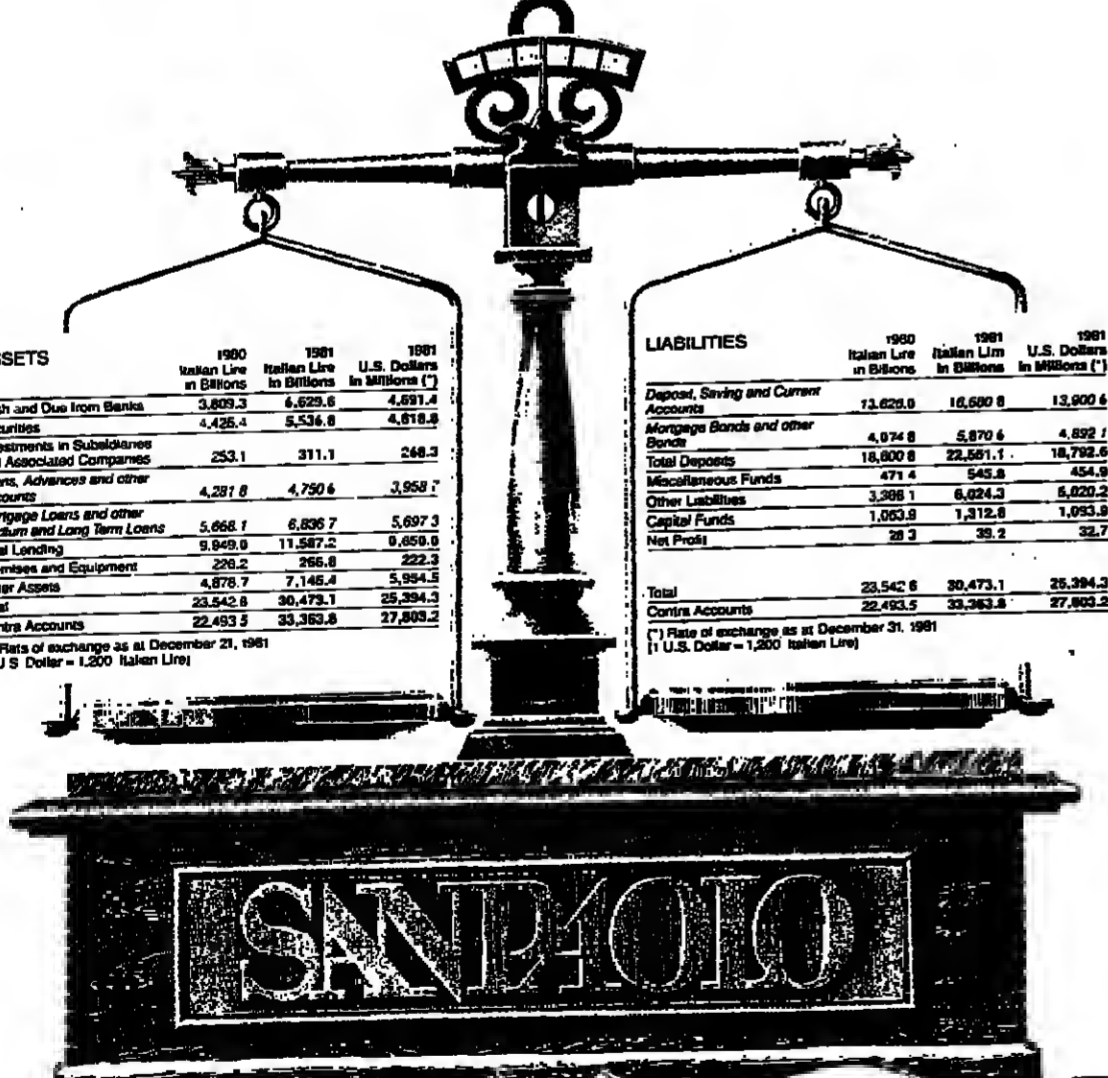
Tuesday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

(Continued from Page 6)

12 Month	High	Low	Stock	Div.	Yld.	P/E	100s	High	Low	Close	Change
100	100	100	100					100	100	100	
101	101	101	101					101	101	101	
102	102	102	102					102	102	102	
103	103	103	103					103	103	103	
104	104	104	104					104	104	104	
105	105	105	105					105	105	105	
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198	198	198	198					198	198	198	
199	199	199	199					199	199	199	
200	200	200	200					200	200	200	

Highlights from the Balance Sheet as at 31 December 1981



	1980	1981	1981
	Italian Lire	Italian Lire	U.S. Dollars
	in Billions	in Billions	in Billions
ASSETS			
Cash and Due from Banks	3,809.3	4,629.6	4,691.4
Securities	4,426.4	5,536.6	4,616.8
Investments in Subsidiaries and Associated Companies	253.1	311.1	248.3
Loans, Advances and other Accounts	4,281.8	4,790.6	3,958.7
Mortgage Loans and other Medium and Long Term Loans	5,666.1	6,836.7	5,697.3
Total Lending	9,949.9	11,587.2	9,659.9
Prepaid Expenses and Equipment	226.2	266.8	222.3
Other Assets	23,545.8	30,473.1	25,394.3
Total	28,433.5	33,353.9	27,933.2
Contingent Liabilities			
1980	1981	1981	
Italian Lire	Italian Lire	U.S. Dollars	
in Billions	in Billions	in Billions	
LIABILITIES			
Deposits, Savings and Current Accounts	13,626.9	16,690.9	13,600.4
Mortgage Bonds and other Securities	4,934.8	6,870.6	4,692.1
Total Deposits	18,561.7	23,561.5	18,292.5
Miscellaneous Funds	471.4	545.8	454.9
Other Liabilities	3,268.1	6,024.3	5,620.2
Capital Funds	1,053.9	1,112.6	1,063.8
Net Profit	28.3	55.2	32.7
Total	23,348.5	30,473.1	25,394.3
Contingent Liabilities	22,453.5	33,353.9	27,933.2

(*) Rates of exchange as at December 31, 1981
(1 U.S. Dollar = 1,200 Italian Lire)

Balance and efficiency.

The satisfactory gross profit for the year enabled the Bank to increase provision funds and effect balance sheet adjustments of over Lit. 625 Billion.

From a net profit of Lit. 39,283 Million

the Bank donated Lit. 12.9 Billion to charitable, cultural and public interest activities. The Bank's capital funds, which include ordinary reserves, other reserve funds and net profit for the year, amount to Lit. 1,336 Billion.

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Tables include the nationwide prices up to the closing on Wall Street

[illegible]

Review

Securities sources said, however, that since April life insurance companies have been holding their investment in foreign currency bonds to below 10 percent of increases in their funds available for investment in compliance with an unofficial suggestion from the ministry.

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Holmes Fights Himself, Waiting to Turn Anger on Cooney

"Please," she replied.

"All right, I promise. I take care of Gerry Cooney and that's it."

But the other day, as she and Kandy Larie, their 2-year-old daughter, watched Holmes train for his 12th defense of the World Boxing Council lightweight title, Diane Holmes was not optimistic.

But Holmes was to retire. He wanted to a year ago, after knocking out Leon Spinks, but he knew he could not — with Cooney still around, still undefeated. Cooney, with a left hook that crushes ribs, probably will be the last major test.

It wasn't the money (which will probably be about \$2 million less than the \$10 million each fighter supposedly stands to get) that kept Holmes joining. There was enough in the prize money for his \$500,000 home as he paid for; he was 32 years old with nothing more to prove after Cooney.

"People kept telling me it would look like I was ducking Cooney," he said.

But until last week, as it got closer and closer to what should be the biggest money-prospecting bout in boxing history, Holmes was obviously growing restless. He acted surly and suspicious.

He stormed out of Caesar's Palace and rented a suite at the Dunes hotel across the street. He takes his meals there, although he sleeps at Caesar's, where four years ago he became champion. Both Cooney and Holmes train at the hotel but Cooney draws larger crowds.

"Last Monday, I couldn't believe how Larry was beating up his sparring partners," said Nick Rancucci Jr., the manager of Renaldo Snipes, Cooney's opponent. "He was usually considerate of his sparring partners, but he took a name 'tude like he was ducking Cooney."

One of the sparring partners, Jody Ballard, needed an operation to repair a partially detached retina the next day.

There were reports that he was yelling at his two gentle trainers, 70-year-old Eddie Futch and 82-year-old Ray Arcei. Holmes, Arcei and Futch have denied the reports.

And standing in front of Caesar's Palace one day this week, Holmes was surrounded by well-wishers. People came up, shook his hand, requested his autograph, posed with him for snapshots. All wished him good luck. Holmes brought up black and white, the color of the cloud hanging over this fight.

Joking and Smiling

"Not one of those people said a nasty word to me," he said later that day. "That makes me feel good."

Holmes reacted like a child to praise. Since the autograph session, he has been able to joke about the stings that were annoying him, one of which were as powerful as Cooney's hook.

After a workout, he invited a group of reporters to his suite at Caesar's, where a copy of the current issue of Sports Illustrated, with Cooney on the cover, lay on a table. Holmes has been heavyweight champion of the world for four years, but has never appeared as the magazine's cover boy. To a man who bungs for the recognition he thinks a 39-0 record, including 10 knockouts in 11 successful title defenses, deserves, this is one of the greatest slights.

But when he entered the suite, he picked up the magazine and asked brightly, "Anybody want a Sports Illustrated?"

Mike Jones, one of Cooney's co-managers, said Holmes was "in a

LONDON—Seven days, a long time in politics, can make or mar a spring career. Indeed, seven seconds—perhaps seven-tenths of a second—might deprive a man of his life's emotional peak.

Last week, in a first article assessing the 24 nations that will compete for the World Cup starting

Wingers and the flair of Michel Platini.

A wispy artist, Platini needs strong support. The best France has is Jean-François Larios, but even so, rumor has linked Larios to Platini's wife; harmony has been fragile in the match midfield. A pity, because we have come to adore Michel Hidalgo's teams, such style, such floundering, such un-

Group 6: Brazil, the Soviet Union, Scotland and New Zealand.

Brazil is the cup favorite—and would be. Its faith is restored in instincts that please the largest or most populous on earth. They are the fruits of life and movement.

Endurance triumphs the usual-suffering atmosphere at strict, cold-country method—is over. Zico, the white Pele, is free to prove, cupuration of Leonid Buryak. But if the midfield is denied. Alexander Chivadze will attack with enterprise from the back and Oleg Blokhin, a thoroughbred sprinter and prolific goal-scorer, is joined by the forward line.

Shengelia. Individualism, it seems, is allowed to breathe through the Soviet system.

Scotland will not be easy meat for the East.

"Seven figures!" said Holmes. "I usually get offered seven thousand for my services. But I don't need them. I make enough money just from the interest on my municipal bonds. I can sit and clip coupons the rest of my life."

The two were ugly scuffles between his camp and Cooney's two weeks ago. Clifford H. Perlman, the hotel's board chairman, called in both camps separately and asked them to literally put away their guns (the private security forces of both camps include many policemen). Holmes, who says Caesar's Palace was blaming his side too much.

The Color Question

Holmes doesn't have to like the fact that Cooney, as the attractive white heavyweight challenger that boxing has not had in the 26 years since Rocky Marciano retired, is the major draw.

SOCCER SCENE

Smiley, we illuminated some players who might shape and influence the tournament.

Dicy game, speculation. Kurt Jarra, we have suggested, is a creative jewel in Austria's midfield. Said correction: He was an Austrian left. Jarra's leg is broken and he's World Cup is over.

That, essentially reminds us that athletes have no insulation against injury, however close the big day. No wonder they tiptoe through their preparations. The next few days will be hell for all of the cup's 528 chosen players. With apologies to anyone to any who feel we tempt their fate:

England, by contrast, has been all method lately. Manager Ron Greenwood's heart leans toward the French way, but six successive victories, with a solitary goal surrendered, demonstrate the style of his new coach, Don Howe. At Arsenal, Howe's organization makes teams considerably more whole than their parts suggest. His improvement in covering England's glaring weaknesses suggest that the head will rule the heart, that method will stifle gallic artistry.

Two personalities epitomize the Czechs. Zdenek Nehoda scores bravely from deep positions, but Antonin Panenka, the virtuoso, is

Dr. Socrates will guide him. Tall, lean and bearded, he is in fact a doctor of medicine; his name is in fact Socrates. And his role is to chastise a genuine Brazilian rhythm.

There are coaches who see space exploit behind Junior, the odd's most exuberant left back. One, let them try to get the ball on Socrates & Co.

The Soviet Union, is the best and most attractive blend of Georgian and Ukrainian talent yet seen, has lost its delightful master, David Kipiani (to a thug's tactic Madrid), and frets over the re-

The Scots have prepared soberly, although there are signs that Manager Jock Stein has panicked with late tactical changes. His team's mood swings with Graeme Souness: the swagger drops when he loses interest, the inventiveness (and sometimes a measure of uncompromising venom) flows when he scents victory.

New Zealand's opponents say they are rugged, crude, physical. A harsh thing to say about Kiwis who have turned their nation's head from its obsession with rugby. The underdog has woo through and, from the touchline anyway, we can wish them a deal of good luck against overwhelming odds.

Keep it clean, lads. Go for glory.

"If he was black, he wouldn't be No. 1," said Holmes. "If he was black, he wouldn't be making the same money I'm making. I'm champion, who's he?"

But he understands. "I could fight Michael Dokes, Greg Page and Ali again and not make \$10 million," he said.

Above all the annoyances, petty and otherwise, there remains what Arcel calls "the trials and tribulations of the training grind."

"Holmes has been training for this fight for six months," said Arcel, a

Cromartie's Homer Be

From Agency Dispatches

MONTREAL — Warren Cromartie broke out of a batting slump Monday by hitting reliever Bruce Sutter's first pitch in the ninth inning over the fence to lift the Expos to a 3-2 victory over St.

Montreal's Tim Lincecum doubled home two runs in the sixth. Expo starter Scott Sanderson, who was safe on a close play at the plate in

BASEBALL ROUNDUP

Over 3: Argentina, Belgium, Germany and El Salvador.

Smiday's opening match will pit world champion Argentina and European runner-up Belgium.

How ready is Diego Maradona to carry his burden as the world's top player? At 21, his troubled weekend may be refreshed by last weekend's astonishing \$7.7-million transfer from Buenos Aires to Barcelona. But there are doubts whether those chunky little muscles have sufficiently recovered from their global exploitation by Argentina.

The Belgians make good use of considerable technical skill, but their approach is dour, their tactics approximates unsavory. Ironical-

33 and perhaps unlikely now to overcome his tendency to disappear in rough going — savor what you do see of his pure touch.

Kuwait? People are saying that because it has a Brazilian coach it will play with a touch of samba. Rubbish. It has just 1,638 players to choose from. Even \$8 million in preparation won't raise him or Kuwait — unless the opposition walks in fear of the unknown.

Group 5: Spain, Honduras, Yugoslavia, Northern Ireland.

Nicely arranged to suit the host. Even a nation doubting itself — one split three ways in soccer, as in politics — cannot be inconsistent enough to miss out on two quality places from a soft group.

4 Stone Drops to Earth After Enchanted Flight

By Dave Kindred
Washington Post Service

BALTIMORE — Little did the cattle Mariners know the trouble they were in the night of Sept. 3, 1980. They shoulda stood in bed, for all the good it would do to hit against Steve Stone. At 3 p.m. that day, Stone said, he began a meditative trance so deep that at its end



Cromartie's fifth home run of the season dropped Sutter's record to 4-3 and made a winner of Ray Burris (1-7). Burris, who had lost seven games as a starter, had been benched to the bullpen and managed to pick up his first victory of the season with 2½ innings of relief, yielding one hit.

The Cardinals tied the score 2-2 in the seventh inning after Montreal reliever Woodie Fryman loaded the bases with three walks before George Hendrick singled in two runs.

In the eighth, Sutter threw only one pitch in the seventh and was forced to leave the game with a bruised left knee, which he suffered sliding into home.

Pirates 4, Mets 3

In New York, Bill Madlock's two-out, 12th-inning single scored Lee Lacy from third to boost Pittsburgh to a 4-3 win over the Mets. Rod Scarry (4-3) pitched the last two innings to get the victory.

Phillies 7, Cubs 5

In Philadelphia, pinch-runner

Reate Vandercycken, botcherer of Italy's Giancarlo Antognoni in 1980, is himself injured above the eye if the opener rises above the countless first matches of the past World Cups, it may be beyond the grasp of two little generals. Ossie Ardiles controls Argentina (even conceals Maradona, the boy general), while Wilfried Van Moer, 37 and looking older, remains Belgium's indispensable maestro — especially since Anderlecht's Spanish coach, Juan Lozano, was denied naturalization.

Funny country, Belgium, refusing to bend its laws for soccer.

Hungary is strange, too, capable of limp surrender or rhapsodic flight. The talents of Tibor Nyilasi,

San Sebastian, champion of Spain as well as the Basques, provides the backbone — goalkeeper Luis Arconada is captain, midfielder Jesus Zamora pulls the strings, center-forward Jesus Sastre justifies pops in goals.

Braceola provides fierce hatchet men and Quini, a quintessential goal-scorer. And Real Madrid, apart from speedy defender José Camacho, contributes the trump card — Juanito. An unpopular firebrand, as likely to be sent off as applauded and bad news in dressing rooms, he nevertheless can turn a match at a stroke.

Yugoslavia has rioted at matches against Juanito. But the Yugoslavs, exporters of major talents, re-

wiggled his right shoulder and
tought, "Humm, a complete
time and my arm feels great."
Stone then noticed a clock. It
id 5:32.

Stone's arm felt great because he
dn't throw a pitch yet, except
his mind, where he shut out the
dless Mariners. That, for sure,
s Seattle's big problem, because
y would face a pitcher who be-
ve he could get out anybody
ytime anywhere.

"For 50 games, from the middle
'79 to the end of 1980," Stone
id of his pitching, "there was just
ertain amount of enchantment."

Stone's out-of-trance four-bitter
at September night was his last
ce of sensational work. A

[illegible]

Ando Kiss and Lázlo Fazekas kicked, but the real enigma is Andino Torosoli, an artist of willful self-destruction.

Had he been born in El Salvador, he might have wasted less time. The Salvadoreans have suffered 14,000 murders in 2½ years. Players have been lost; others, led by Carlos Ruiz, have struggled to qualify. He and 20-year-old goalie Leonardo Mora hope to show skill enough to be plucked out of their local hopelessness.

Great 4: England, France, Czechoslovakia and Kuwait.

Key: Unpredictability holds the key. On June 16, England will either expose the defensive naïveté

call or retain enough to qualify and perhaps to be a tournament dark horse. Mićan Mijanić is a cunning coach, goalkeeper Dragoslav Pantić scores penalties, midfielder Vladimir Petrović creates spontaneously and striker Saša Susic has offers from three Italian clubs.

Honduras and Northern Ireland are the fodder. Honduras comes from a holocaust similar to El Salvador's, while the Northern Irish forte is simply never-say-die courage. It is gambling on Norman Whiteside, a kid barely 17, whose inclusion emphasizes the loss of George Best, genius squandered, a man unable to hold his drink, his talent or his youth.

...nity with arm trouble before joining Baltimore in 1979, Stone is the American League's top pitcher in 1980 with a 25-7 record. In the flight toward the sun, however enchanted, soon melted his tongue, or as the drought reahists say, coldly, Stone came to the party and left early.

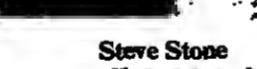
The Pains End

It hurt Stone to say goodbye at a retirement press conference last week, just as it hurt the last two seasons every time he threw. He stopped reading a statement, his voice breaking, at the part about his friends. He hadn't pitched since spring, his elbow in pain after two sets of cortisone shots. In April he knew his time

lary, and didn't lose in 13 starts the last ball (going 5-0).
"That set up '80," Stone said.

What follows is a long speech, but it calls everything about Stone's brief, shining moment.

"It wasn't terrible pain as far as walking around, but I could feel it whenever I extended myself. And I do so much with my wrist as far as turning over on the fast ball, throwing the curve ball, throwing the slider. That, the last part of the delivery, snapping the ball, that's



Steve Stone
... He gave away his arm.

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up, and he ruled out surgery on his 1½-year rest that might, maybe, fix the tendonitis.

At 34, poetic and handsome, Stone said that day that he hopes to work in broadcasting while running a restaurant in Scottsdale, Arizona. He's also writing a book on his psychic experiences...with baseball as a backdrop....I believe I'm Everyman in every way, average performer who has achieved an extraordinary goal by refinement of the mental process."

So wonderful was the enchantment on the previous night that Stone stretched into months of Everyman's dream, and he freely paid the dearest price asked of a pitcher. He gave up the inhibiting factor.

"There's not a pitcher over 25 who doesn't hurt in one spot or another. That's the nature of the game — you do whatever you have to do to overcome that pain. And there are days when it hurts a little bit more than others, and those are days perhaps when you don't do very well.

"But this particular pain was inhibiting to my performance. It wasn't something that you can live with because I could go out on the mound and not be able to do the things I know I have to do to be successful. More than a lot of the other guys, it was a real discomfort, and desire that was able to get me through. I don't think I had the same kind of discomfort."

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With the Chicago Cubs in 1976, he couldn't hold a pound weight that arm extended. The team doctor, Stone said, didn't know what was wrong but suggested, anyway, giving Stone four cortisone shots across the back of his bulder and one in the front.

Mental Development

"The guy can't make a diagnosis," he wants to shoot me up," Stone said Wednesday. "So I told him, 'I don't know what's right, I know that's wrong.'"

The problem turned out to be a torn rotator cuff, which Stone repaired on his own (with his new

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reminder that the fight was originally scheduled for March 15 but was postponed when Cooney suffered a shoulder injury.

Prized by the fans, the battered Holmes became in the three weeks he has been here was last week when a La Jolla newspaper story that suggested that the champion did not like whites. Last Monday was the day he battered Jody Ballard, a black, in training. Someone had to pay.

Friday night, Holmes will face his real opponent. Holmes' body has been expanding and it is soft in places. But he is in shape, maybe not as finely tuned as a year ago when he destroyed little Leon Spinks, but he is not yet an old boxer. He is moving well, although out of action. Most of all, the magnificent left jab seems as sharp as ever.

Inside the ring, certainly, he is not worried by a man he considers a one-armed fighter. "Gerry Cooney has a left hook?" he tells his training session crowds most days. "What good is it if you don't hit anybody with it?"

Then he flashes out a series of lightning jabs and says, "If he walks by that, he's got to get by this one," now raising his right fist.

"I'm not a one-handed fighter," he says. "Ain't no way in the world Gerry Cooney should be able to beat me."

MONTREAL Warren Crommartie broke out of a batting slump Monday by hitting reliever Bruce Sutter's first pitch in the ninth inning over the fence to lift the Expos to a 3-2 victory over St. Louis.

Luis Aguayo scored from second on Manny Trillo's infield single with one out in the eighth to give the Phillies a 7-5 win over Chicago. It was the Cubs' eighth consecutive loss.

Padres 6, Reds 5

Burris (1-7). Burris, who had lost seven games as a starter, had been banished to the bullpen and managed to pick up his first victory of the season with 2½ innings of relief, yielding one hit.

The Cardinals tied the score 2-2 in the seventh inning after Montreal reliever Woodie Fryman loaded the bases with three walks before

In San Diego, Garry Templeton highlighted a five-run third inning with a two-run single to lead an 11-hit attack and power the Padres to a 6-5 win over Cincinnati.

Braves 4, Dodgers 3

In Los Angeles, Dale Murphy clubbed a tie-breaking, three-run homer — his 17th home run of the season — in the seventh to power Atlanta to a 4-3 win over the Dodgers. The victory went to Phil Niekro (4-2).

Royals 5, Twins 4

In Minneapolis, Jerry Martin's single bounced over center fielder Tom Brunansky's head in the 10th inning, allowing Hal McRae to score from first and lifting the Kansas City to a 5-4 win over Minnesota. The loss was the Twins' 17th in their last 18 games.

Major League

[illegible]

Standings

Mariners 6, Rangers 0

In the American League, in Arlington, Texas, Gene Nields retired the first 20 batters he faced before settling for a two-hitter in leading the Mariners to a 6-0 victory over Texas.

Orioles 7, Brewers 2

In Milwaukee, Jim Palmer hurled a five-hitter and Benny Ayala capped a four-run fifth inning with a two-run home run to lead Baltimore to a 7-2 win over Milwaukee, snapping the Brewers' five-game winning streak.

White Sox 6, A's 5

In Chicago, Bill Almon's bases-loaded single in the 11th drove in Harold Baines with the winning run, lifting the White Sox to a 6-5 win over Oakland. Carlton Fisk hit two homers, one tying the game in the 11th inning.

Blue Jays 7, Indians 3

In Toronto, Willie Upshaw

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Baltimore	26	24	.520	7
New York	25	25	.500	7
Toronto	25	29	.463	9
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How ready is he to carry his burden as the world's top player?

OBSERVER

The War of the Ismos

By Russell Baker

NEW YORK — American life is torn by two violently opposed doctrines of social conduct. One is machismo. Its adherents pride themselves on being machos. The opposing dogma is quichismo (pronounced "key shizmo") and its practitioners call themselves quiche-o's (pronounced "key shows").

A good study of a quichismo victory over machismo in an urban war zone can be found in Philip Lopate's "Quiche-Bite on Columbus Avenue," included in his recent book, "Bachelorhood."

Curiously, Lopate refers to the quichismo doctrine by its French name, "quichisme."

In so doing he unwittingly reveals that he is himself a quiche-o of the highest order, for no macho would dream of using a French word when discussing philosophy, and even the average quiche-o would avoid a word as difficult to pronounce as "quichisme" for fear of getting it wrong and being sneered at as unquiche-o.

For practitioners of quichismo there is no defense against being sneered at, and they live in dread of it. The machismo adherent, on the other hand, positively enjoys being sneered at since it enables him to punch the sneerer in the nose, a ritual ceremonially confirming that he is truly macho.

When a quiche-o is sneered at, his only recourse is to jog until he achieves a higher sense of total fulfillment. This is one factor behind the machismo slogan, "Machos have more fun."

Maybe so, quiche-o's say, but machos don't have French dry cleaning or white bucks. Machos prefer no dry cleaning at all, though they sometimes get it if they're pressed if they're slept in them all week and want to impress females over the weekend.

Machos impress females by taking them to bars after opening the top four buttons on their shirts to show off the hair on their chests. Quiche-o women impress males by inviting them to dinner and serving a salad from the carry-out.

gourmet shop, followed by a kiwi fruit. There are no macho women. If there were, they would serve pigs' feet and beer because machos believe that real people don't eat salad, kiwi fruit or anything else that comes from gourmet shops.

Quiche-o people buy Swedish toothpaste at gourmet drugstores, Italian loafers at gourmet shoe shops, newspapers at gourmet newsstands and dogs at gourmet pet centers (they have them wormed by gourmet veterinarians). They go to the islands for a month or two, especially Bermuda, St. Bart's, Barbados and Trinidad. Machos also go to the islands — Coney and Long — usually for a Sunday afternoon. To primp for these vacations, machos first go to the barber.

No quiche-o has set foot in a barber shop for 20 years. He goes to a gourmet hairdresser for a styling, then, before jetting to the islands, goes to the gourmet luggage shop to get his suitcase covered with the initials of gourmet designers. The macho packs a change of underwear and a drip-dry shirt in a zippered plastic briefcase his uncle brought back from a 1977 convention of T-shirt salesmen.

Quiche-o's are always redecorating. Machos are always repainting their room that has the TV set in it. When a macho's couch and chairs are finally ruined he goes to a department store and buys "a suit of furniture." Quiche-o furniture is never ruined, but it goes out of style every two years, and when it does the quiche-o goes to an environmental system boutique and buys a new environment.

No quiche-o would ever take a walk in his underwear unless it had something amusing printed on it, like, "Où sont les neiges d'antan?"

Machos don't see anything funny about New Jersey. Quiche-o's never laugh at people who drive Volvos, people who pay \$5.50 for a hamburger, or quiche-o's, unless they're told by another quiche-o.

Machos never hanker carrot bread and don't go out with women who do. Quiche-o's are proud of their cholesterol levels and never belch in public and never go out with women who do, since they recognize them instantly as unquiche-o and unlikely ever to serve them a salad dinner that concludes with a kiwi fruit.

New York Times Service

A Hawk Among Hawks

Colin Gray's Challenge to Nuclear Disarmers

By James Lardner

Washington Post Service

WASHINGTON — "I get bloody annoyed," says Colin Gray, "when I'm in a panel with somebody who stands up and says, 'Nuclear war is likely to be bad for your health.' The American public has known for 30 years that nuclear war is bad for your health. If you scare the American public — the average housewife — what is the ultimate result? What is the objective?"

Gray is one of the new Washingtonians who give conservatism its youthful get-up and go. He is also one of the small fraternity of people who think about nuclear war for a living. These are people who, by and large, have become accustomed to being called hawks, but if you ask them to name a bona fide hawk — a hard-liner among hard-liners — the name that pops up as often as any is Gray's.

It does not always pop up in a friendly fashion, for Gray has spent much of his career questioning the assumptions of his more moderate colleagues, and his questions have become harder and harder to ignore.

Temporary Office

Gray has been nominated to the general council of the Arms Control and Disarmament Agency, and he has been engaged as a part-time State Department consultant on arms control. Even within the walls of the State Department — specifically, within the bare walls of a temporary office on the seventh floor — he makes no waves.

Analyzing his alien's gyrations on MX-missile hating, he says: "They really set themselves in the foot. They deserve to lose the program." This is the man, after all, who co-wrote an article in Foreign Affairs with the attention-grabbing headline "Victory is Possible." While he regards that as a "ghastly title," in retrospect, he remains unabashedly committed to views no president could ever publicly endorse — including the view that nuclear weapons are, in all likelihood, here to stay.

Most specialists would be happy to see their specialties thrust into the public spotlight. But this 38-year-old English émigré, who can rattle off strategies and coun-

terstrategies at a pace calculated to make a Galtung gun envious, finds the current fashionableness of his field more troubling than gratifying.

"There's an obligation on the part of people who are genuine nuclear disarmers to tell me how we live more securely in a nuclear-disarmed world, which they really cannot verify. And there's no way they can verify the other people, who are not nice, well-meaning American nuclear disarmers."

"The United States can never, because of its political culture and historical culture, sign an arms control treaty to cheat. Given the character of our country and the openness of our political system, it would be very hard to hide nuclear weapons in this country without somebody blowing the whistle."

Pressure to Cheat

The Soviet Union, on the other hand, would be under irresistible pressure to cheat, because "if no one has nuclear weapons and I've got five, it makes a tremendous difference. Now, how do you live in a world like that? You can do a Jonathan Schell [the "Fate of the Earth" New Yorker magazine writer] and say, 'Well, we must abolish nuclear states.' That's great and I can invent schemes like that till the cows come home. It just isn't where we are. It's not helpful. Briefing President Reagan on 'Wouldn't it be desirable to get rid of the nation-state system?' that is not in today's in-basket."

How, a man come to devote his life to the study of nuclear war?

"I think you probably have to put me on a couch and have a psychiatrist answer that." When the question is rephrased in biographical terms, however, he runs briskly through the important items on his resume: dissertation at Oxford on U.S. defense policy in the Eisenhower administration; lecturer at the University of Lancaster in strategy and foreign policy; head of the strategic studies research program at the Canadian Institute of International Affairs; Ford Foundation grant to study the history of nuclear strategy; assistant director of London's Institute for Strategic Studies, etc.

"I was fairly footloose and fan-

cy-free in those days. My wife and I packed two suitcases and there was no big deal, unlike now when you've got dogs, cats, fish, mice, children, everything. One can't move around that way now. I went back to England intending to stay in England, 'cause I'm British, but the jobs were not there. If you're interested in frontier-type subjects in the nuclear area, it's just the wrong country to be in."

Realism, Skepticism

So Gray made what he calls the "forced choice" to come to the United States, accepting an offer from the Hudson Institute and remaining there for five and a half years. Last year he received his citizenship papers and made another hard choice — to move to Washington and, along with several former Hudson colleagues, found a new think tank called the National Institute of Public Policy.

"We are nonpartisan. We are not out to grab defense business and any contract that comes along. We are in the public education business. The key to our work is pragmatism and realism."

Gray also brings a large store of skepticism to his work: "We have one overwhelming problem to solve, and that is, we don't have the necessary leverage to negotiate seriously. I mean, can we be serious about our proposals? The question is why the Soviets should agree to them. That idiot Sen. Hatfield [Mark O. Hatfield, Republican of Oregon] says, 'Let's negotiate about Soviet air defenses.' Since we basically don't have air defenses and they do, what is there to negotiate?"

"To say in the American context that it's entirely possible that there will be no agreement as a result of START is, in a sense, counterfactual, but it's probably true. We're asking the Soviets to give up things they already have."

This personal position, he adds hastily, "is my personal position. I think in ... START we're entering a process for intra-alliance political purposes that has no chance of success." START is strategic arms reduction talks, the Reagan administration's alteration of SALT, or strategic arms limitation talks. The United States and



Colin Gray

Soviet Union are to start START later this month.

Gray argues that the U.S. nuclear deterrent suffers from a credibility gap. The Russians, he says, have taken elaborate steps to survive a nuclear exchange. Hence, Soviet leaders may be less afraid of war than U.S. leaders.

To close this gap — and to better provide against the possibility, however slight, of limited nuclear war — Gray believes the United States must develop far more substantial war fighting plans and capabilities.

"Now, if someone sees the possibility of nuclear war as the absolute evil, if they would rather the Soviets conquered Europe, maybe even conquered us, rather than that nuclear weapons be used — if nuclear weapons are that horrific, OK, we can abolish our nuclear weapons. If that is their position and they're consistent about it, then I am likely to be impressed."

"What I've got no time for is hypocrites, people who aren't prepared to think about it. When people start making moral gestures about freezes, which are not well thought through, which are not obviously related to reducing the risk of war but if anything might increase it, and they don't have a story to tell on nuclear strategy or any real theory of how we get out of the nuclear-threat system in a reasonably confident way, well, I look for more rigor on the other side, shall we say."

PEOPLE

Lessons for the Louvre

The curator of paintings at the Louvre says Europeans could take a few lessons from U.S. art museums. Pierre Rosenberg visited the Kimbell Museum in Fort Worth, Texas, for the opening of an international exhibition of works by the French portrait painter Elisabeth Vigée-Lebrun. "We have a lot to learn from America. Much can be done from the point of view of how to receive the visitor, to make the museums more pleasant, in preservation, installations," Rosenberg said. "Museums are less attractive in Europe, and the Louvre among them, than the new museums. They are more austere."

Lorin Maazel has been lauded as the first director of the Vienna State Opera to present the coming season's program with full casts of all 239 opera performances. Karl Böhm, a veteran Vienna critic and now a popular TV host, praised Maazel, the first American to head the State Opera, as the director discussed his plans for the season starting Sept. 1. The schedule comprises 10 operas, including four premieres and four revivals. Eighteen ballets are programmed, with premieres of Ravel's "Daphnis and Chloé" and Stravinsky's "The Firebird." Maazel, who gave up his directorship at the Cleveland Orchestra to come to Vienna, will be conducting 28 of the coming season's opera and ballet performances. He also announced that the management of the director's office will be in the hands of Helga Haseberg, Maazel's longtime assistant in Cleveland.

The actor playing the title role in a Stratford, Ontario, performance of Shakespeare's "Julius Caesar" was really in agony when he gaped at the "Brutus" — one of his fellow actors' daggers delivered to him as a surprise. "It was a most unkind cut, breaking one of Jack Medley's ribs and puncturing his lung during the assassination scene. Medley, 54, said the accident would forever alter his interpretation of the role."

When Sandy, the dog from the Broadway musical "Annie," appeared at the annual Theatre World Awards ceremony in New York, he was accompanied by his creator, Jim Henson, whose daughter Lisa is among the Harvard seniors graduating Thursday.

What's green and black, famous, and speaks into a microphone? None other than Kermit the Frog, regaling Harvard University seniors at a precommencement ceremony. "I've been in Hollywood halls before," the renowned Muppet said, gesturing at the dark stage, "but this is the hollowest. He spoke of the difficult transition in leaving college: 'You don't know the pain of puberty till you feel your tail fall off,' he told the students. 'As you set sail on the great vacation of life, think of Harvard as your saved agent.' Kermit was accompanied by his creator, Jim Henson, whose daughter Lisa is among the Harvard seniors graduating Thursday."

A lawyer for Gabrielle Napolitano, barred from graduating from Princeton University for a year because of charges that she plagiarized a term paper, says he will appeal Judge William Dreier's refusal to overturn the school's decision.

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